

MASTER OF BUSINESS ADMINISTRATION
SECOND SEMESTER
COST AND MANAGEMENT ACCOUNTING
MBA – 203

[USE OMR FOR OBJECTIVE PART]

2025/05

**SET
D**

Duration: 3 hrs.

Full Marks: 70

Time: 30 min.

(Objective)

Marks: 20

Choose the correct answer from the following:

1×20=20

1. The formula for break-even point in units is:
 - a. Fixed costs / Contribution per unit
 - b. Variable costs / Sales
 - c. Fixed costs / Sales
 - d. Contribution / Variable costs
2. The cost of unused capacity is called:
 - a. Opportunity cost
 - b. Sunk cost
 - c. Idle time cost
 - d. Variable cost
3. Labor efficiency variance measures:
 - a. Difference in labour cost
 - b. Difference in hours worked
 - c. Difference in production units
 - d. Difference in wages paid
4. Opportunity cost refers to:
 - a. Cost of the next best alternative
 - b. Actual cost paid
 - c. Fixed cost per unit
 - d. Total production cost
5. Factory overheads are also known as:
 - a. Production overheads
 - b. Selling overheads
 - c. Direct costs
 - d. Administrative overheads
6. Economic Order Quantity (EOQ) is used to:
 - a. Minimize inventory costs
 - b. Maximize production
 - c. Reduce selling costs
 - d. Increase overheads
7. Contribution margin is calculated as:
 - a. Sales – Fixed costs
 - b. Sales – Variable costs
 - c. Fixed costs + Profit
 - d. Variable costs + Overhead

8. Indirect labor costs include:-
 - a. Wages of machine operators
 - b. Salaries of factory supervisors
 - c. Cost of raw material
 - d. Direct labor wages
9. Absorption costing includes:
 - a. Only variable costs
 - b. Both fixed and variable costs
 - c. Only fixed costs
 - d. Only direct costs
10. Material variance is the difference between:
 - a. Actual cost and standard cost
 - b. Actual sales and budgeted sales
 - c. Actual profit and budgeted profit
 - d. Actual overheads and fixed costs
11. Marginal costing considers:
 - a. Only fixed costs
 - b. Only variable costs
 - c. Both fixed and variable costs
 - d. Administrative costs
12. Variance in costing refers to:
 - a. Sales revenue
 - b. Total production cost
 - c. Fixed cost per unit
 - d. Difference between actual and standard cost
13. Differential cost is:
 - a. The difference between two alternative costs
 - b. Total production cost
 - c. Fixed cost per unit
 - d. Variable cost per unit
14. Which of the following is a direct expense?
 - a. Factory lighting
 - b. Carriage inward on raw materials
 - c. Office rent
 - d. Advertising cost
15. What is a budget?
 - a. A historical record
 - b. A financial plan for the future
 - c. A tax statement
 - d. A balance sheet
16. The break-even point is where:
 - a. Total revenue equals total cost
 - b. Profit is maximum
 - c. Loss is maximum
 - d. Sales are zero

17. The term "cost center" refers to:
a. A unit where costs are controlled
b. A unit where profits are earned
c. A unit where sales are made
d. A unit where taxes are calculated
18. Prime cost includes:
a. Direct materials + Direct labour
b. Factory overheads + Indirect costs
c. Administrative expenses
d. Selling expenses
19. Management accounting provides information primarily to:
a. External stakeholders
b. Management
c. Government
d. Shareholders
20. Variable cost per unit:
a. Remains constant
b. Increases with production
c. Decreases with production
d. Is zero at all levels

-- -- -- --

(**Descriptive**)

Time: 2 hr. 30 mins.

Marks: 50

[Answer question no.1 & any four (4) from the rest]

1. Define Cost sheet. Elaborate the different classification of Cost on the basis on time, nature and functions. 2+8=10

2. Prepare Cost Sheet from the following information:

10

Particulars	Amount (Rs)
Opening stock of Raw material	12500
Purchase of Raw material	1,36,000
Closing stock of Raw material	8500
Direct Wages	54000
Direct Expenses	12000
Factory overhead	100% of Direct Wages
Office and administrative overhead	20% of Factory cost
Selling and distribution overhead	26000
Opening stock of finished goods	12000
Closing stock of finished goods	15000
Profit on cost	20%

3. A) Calculate the earnings of a worker under i) Halsey Plan ii) Rowan Plan from the following information:- 5+5=10

*Hourly rate of wages guaranteed is Rs. 0.50 paisa per hour.

* Standard time for producing 1 dozen article is 3 hours.

* Actual time taken by the workers to produce 20 dozen article is 48 hours.

B)The Raj Equipment Company estimates its carrying cost at 20% of cost per unit and its ordering cost is Rs 9 per order. The estimated annual requirement is 5000 unit at a price of Rs 5 per unit.

*Calculate EOQ

*How many orders should be placed in a year?

*How often should an order be placed?

4. A) Calculate:-i) Profit Volume Ratio (PV ratio), ii) Fixed Cost iii) 5+5=10

Sales to earn a profit of Rs 50,000, iv) Break even point in value

v) Margin of Safety from the following information:-

Sales = Rs 200,000

*Profit = Rs 20,000

*Variable cost- 60% of sales.

B) Explain the advantages and disadvantages of Marginal Costing.

5. A) Elaborate the importance of Inventory Management and discuss the modern techniques which are used by the organizations to control inventory. 5+5=10

B) Explain the difference Between Rowan Plan and Halsey Plan for incentive wage system of labour.

6. The Standard and Actual figures for material variance and labour variance are given below:- 10

- Standard quantity of material = 50 units
- Standard price per unit of material = Rs 1
- Actual price of per unit material = Rs 0.80
- Actual quantity of material = 45 units
- Standard time for a job = 1000 hours
- Standard rate per hour = Rs 50
- Actual time taken by the labour = 900 hours
- Actual Wages paid to labour = Rs 36000

Calculate:-

- 1) Material Cost Variance
- 2) Material Price Variance
- 3) Material Usage Variance
- 4) Labour Cost Variance
- 5) Labour Rate Variance
- 6) Labour Efficiency Variance

7. Define Standard Costing and explain its purpose in management accounting. Outline the steps involved in implementing standard costing and discuss its advantages and disadvantages. 10
8. Define Budgetary control and explain its importance in organizational management. Discuss the essentials for effective budget and highlight its advantages. 10

== *** ==