REV-00
MBA/20/26

2017/06

MASTER OF BUSINESS ADMINISTRATION
SECOND SEMESTER
COST & MANAGEMENT ACCOUNTING
MBA-206

Duration: 3 Hrs. Marks: 70

PART : A (OBJECTIVE) = 20
PART : B (DESCRIPTIVE) = 50

[PART-B : Descriptive]

Duration: 2 Hrs. 40 Mins. Marks: 50

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

1. For the production of 10000 units of a product, the following are the budgeted expenses: (10)

Direct material per unit	30
Direct Labour per unit	15
Variable overhead Per Unit	12.50
Fixed overhead	75000
Variable expenses (direct) per unit	2.50
Selling expenses (10% fixed)	75000
Administration expenses ($ 25000 fixed)	25000
Distribution expenses (20% variable)	25000

Prepare a budget for production of 12000, 14000 & 16000 units showing distinctly marginal cost & total cost.

2. A. Make a suitable difference Between Financial Accounting and Management Accounting. (5+5=10)
   B. Form the following information try to find out the BEP for XYZ Carbon Ltd.

   Sale Value Rs 20000 for 1000 Kg. Raw Material Consumed @ Rs5 and Labour Utilization @ Rs5. The Factory Rent is Rs 5000 and Administrative Expenses Rs. 5000.

3. A. Try to define the Margin of Safety and Marginal Contribution from Marginal Costing Techniques. (5+5=10)
   B. Try to define the Average Cost, Marginal Cost and Total Cost.

4. A. Define the Marginality term in prospect to Cost & Management Accounting. (5+5=10)

B. PQR Industries requested you to prepare a Variance Calculations from the following given information.

	Actual	Budgeted
Material X	4000 Units @ Rs6	5000 units @ Rs5.
Material Y	6000 Units @ Rs 2	5000 units @ Rs. 3

5. A. How can you make the difference between Budgeted Figure and Standard Figure for Management purpose?
   B. You are requested to calculate the closing stock value and price from the following information under the standard pricing method of issue for January month ending. (5+5=10)

   Jan 1: purchase of material 1000 units @ Rs. 5
   Jan 2 : Purchase of Material 2000 units @ Rs. 7
   Jan 3 : Issue of Material 500 Units to factory.
   Jan 4: Issue of Material 1000 Units to repair branch.
   Standard issue rate is Rs.10.

6. A. Define the meaning of Budgetary control and Planning process of Management in terms of Management Accounting. (5+5=10)
   B. Define the LIFO and FIFO method of Inventory Valuation.

7. The following budget has been prepared at 70% level of home market: (10)

Units - 4, 200
Wages - 12, 600
Materials - 21, 000
Fixed cost - 7, 000
Variables cost - 2, 100
Total - 42, 700

The selling price in India is Rs. 15. In Sri Lanka about 800 units may be sold only at Rs. 10 and in addition 25 paise per unit will be expenses as freight etc, Do you advise trying for the market in the Sri Lanka?

8. A. Define the five different type Budgets is useful for the management Operations. (5+5=10)
   B. Pepsi Company produces a single article. Following cost data is given about its product:-

Selling price per unit	Rs. 40,
Marginal cost per unit	Rs. 24.
Fixed cost per annum	Rs. 16000

   Calculate:
   (A) Sales to earn a profit of Rs. 2,000
   (B) Profit at sales of Rs. 60,000

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[PART-A : Objective]

Choose the correct answer from the following: 1×20=20

1. Marginal costs is taken as equal to
   a. Prime Cost plus all variable overheads.
   b. Prime Cost minus all variable overheads.
   c. Variable overheads.
   d. None of the above.

2. The labour rate variance can be calculated by the following equation:
   a. (Standard wage rate - actual wage rate) x actual hours worked.
   b. (Standard wage rate - actual wage rate) x standard hours worked.
   c. Budgeted labour costs - actual labour costs.
   d. (Standard hours - actual hours) x actual wage rate.

3. Plant utilization budget and Manufacturing overhead budgets are types of
   a. Production budget
   b. Sales budget
   c. Cost budget
   d. None of the above

4. Which of the following is not an inventory?
   a. Machines
   b. Raw material
   c. Finished products
   d. Consumable tools

5. Economic Cost Concept is adapted by the Management Accounting.
   a. Fully agree.
   b. Not have any relation with economics.
   c. Cost Concept is different for both disciplines.
   d. None of the above.

6. Activities related to coordinating, controlling and planning activities of flow of inventory are classified as
   a. decisional management
   b. throughput management
   c. inventory management
   d. manufacturing management

7. The formula for calculating the variable overhead total variance is:
   a. Actual variable overhead less (actual hours x actual hours worked x variable overhead absorption rate)
   b. (Standard hours less actual hours) x variable overhead absorption rate
   c. Actual variable overhead less (standard hours x actual production x variable overhead absorption rate)
   d. Actual variable overhead expenditure less budgeted variable overhead expenditure

8. If total cost of 100 units is Rs 5000 and those of 101 units is Rs 5030 then increase of Rs 30 in total cost is
   a. Marginal cost
   b. Prime cost
   c. All variable overheads
   d. None of the above

9. Marginal cost is computed as
   a. Prime cost + All Variable overheads
   b. Direct material + Direct labor + Direct Expenses + All variable overheads
   c. Total costs – All fixed overheads
   d. All of the above

10. While preparing sales budget, which of the following factors are considered?
    a. Non-operational factors
    b. Environmental factors
    c. Both a and b
    d. None of the above

11. _______ is prepared for single level of activity and single set of business conditions.
    a. Fixed budget
    b. Flexible budget
    c. Both a and b
    d. None of the above

12. The formula for calculating the fixed overhead volume variance is:
    a. Budgeted fixed expenditure less (actual hours x actual production x fixed overhead absorption rate)
    b. Budgeted fixed expenditure less (standard hours x actual production x fixed overhead expenditure variance)
    c. Budgeted fixed expenditure less (actual hours x fixed overhead absorption rate)
    d. Actual fixed overhead less (standard hours x actual production x fixed overhead absorption rate)

13. Which of the following journal entries is passed when goods are purchased on credit under the periodic inventory system?
    a. Purchases Debit and cash Credit.
    b. Cash Debit and Purchases Credit.
    c. Purchases Debit and a/c payable Credit.
    d. Inventory Debit and a/c payable Credit.

14. ______ is responsible for setting up of materials price standard.
   a. Production department
   b. Engineering department
   c. Purchase department
   d. None of the above

15. _______ is designed after assessment of the volume of output to be produced during budget period.
   a. Cost budget
   b. Sales budget
   c. Production budget
   d. None of the above

16. While computation of marginal Contribution in marginal costing
   a. Total marginal cost is deducted from total sales revenues
   b. Total marginal cost is added to total sales revenues
   c. Fixed cost is added to contribution
   d. None of the above

17. Marginal costing is also known as
   a. Direct costing
   b. Variable costing
   c. Both a and b
   d. None of the above

18. An example of purchasing costs include
   a. incoming freight
   b. storage costs
   c. insurance
   d. spoilage

19. _______ provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.
   a. Production budget
   b. Cash budget
   c. Capital expenditure budget
   d. None of the above

20. Which of the following statements are true about standard labour time?
   a. Standard labour time indicates the time in hours needed for a specified process.
   b. It is standardized on the basis of past experience with no adjustments made for time and motion study.
   c. In fixing standard time due allowance should not be given to fatigue and tool setting.
   d. The Production manager does not provide any input in setting the labour time standards.

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UNIVERSITY OF SCIENCE & TECHNOLOGY, MEGHALAYA

Question Paper CUM Answer Sheet

[PART (A) : OBJECTIVE]

Serial no. of the main Answer sheet

Course : ....

Semester : .... Roll No : ....

Enrollment No : .... Course code : ....

Course Title : ....

Session : ....2016-17........ Date : ....

Instructions / Guidelines

- The paper contains twenty (20) / ten (10) questions.
- The student shall write the answer in the box where it is provided.
- The student shall not overwrite / erase any answer and no mark shall be given for such act.
- Hand over the question paper cum answer sheet (Objective) within the allotted time (20 minutes / 10 minutes) to the invigilator.

Full Marks	Marks Obtained	Remarks
20		

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Scrutinizer's Signature *Examiner's Signature* *Invigilator's Signature*