REV-01
MBA/02/10

2024/05

SET A

MASTER OF BUSINESS ADMINISTRATION
SECOND SEMESTER [REPEAT]
COST AND MANAGEMENT ACCOUNTING
MBA - 203
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. Full Marks: 70

Objective

Time: 30 mins. Marks: 20

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

1. Direct cost incurred can be identified with....................
   a. Each department
   b. Each unit of output
   c. Each month
   d. Each executive

2. Overhead cost is the total of.......................
   a. All indirect costs
   b. All direct costs
   c. Indirect and direct costs
   d. All specific costs

3. Cost accounting was developed because of the................
   a. Limitations of the financial accounting
   b. Limitations of the management accounting
   c. Limitations of the human resource accounting
   d. Limitations of the double entry accounting

4. Which of these is not an objective of Cost Accounting?
   a. Ascertainment of Cost
   b. Determination of Selling Price
   c. Cost Control and Cost reduction
   d. Assisting Shareholders in decision making

5. Direct expenses are also called.................
   a. Major expenses
   b. Chargeable expenses
   c. Overhead expenses
   d. Sundry expenses

6. Costing refers to the techniques and processes of................
   a. Ascertainment of costs
   b. Allocation of costs
   c. Apportion of costs
   d. Distribution of costs

7. Prime cost includes:
   a. Direct materials, direct wages and indirect expenses
   b. Indirect materials and indirect labour and indirect expenses
   c. Direct materials, direct wages and direct expenses
   d. Direct materials, indirect wages and indirect expenses

8. Opening stock + purchases + direct expenses – closing stock = ...
   a. Net profit
   b. Cost of production
   c. Administrative expenses
   d. Cost of goods sold

9. ABC analysis is an inventory control technique in which:
   a. Inventory levels are maintained
   b. Inventory is classified into A, B and C category with A being the highest quantity, lowest value
   c. Inventory is classified into A, B and C Category with A being the lowest quantity, highest value
   d. Either b or c

10. EOQ stands for……………..
    a. Economic Order Quantity
    b. Essential Order Quantity
    c. Economic Output Quantity
    d. Essential Output Quantity

11. Labour turnover means:
    a. Turnover generated by labour
    b. Rate of change in composition of labour force during a specified period
    c. Either of the above
    d. Both of the above

12. Which of the following is not an avoidable cause of labour turnover?
    a. Dissatisfaction with Job
    b. Lack of training facilities
    c. Low wages and allowances
    d. Disability, making a worker unfit for work

13. Which of these is not a Material control technique?
    a. ABC Analysis
    b. Fixation of raw material levels
    c. Maintaining stores ledger
    d. Control over slow moving and non-moving items

14. Under marginal costing stock are valued at:
    a. Fixed cost
    b. Semi-variable cost
    c. Variable cost
    d. Market price

15. Contribution margin is also known as……………..
    a. Marginal income
    b. Gross profit
    c. Net profit
    d. Net loss

16. Budgetary control ends with……………..
    a. Planning
    b. Organizing
    c. Budgeting
    d. Control

17. Variance analysis in standard costing is used to………………
    a. Identify deviations from budgeted costs
    b. Determine the total cost of production
    c. Calculate the return on investment
    d. Assess market demand for products

18. Contribution margin is equal to……………..
    a. fixed cost - loss
    b. profit + variable cost
    c. sales – fixed cost- profit
    d. sales – profit

19. A budget which is prepared in a manner so as to give the budgeted cost for any level of activity is known as:
    a. Master budget
    b. Zero base budget
    c. Functional budget
    d. Flexible budget

20. .... is a summary of all functional budgets in a capsule form.

a. Functional Budget
b. Master Budget
c. Long Period Budget
d. Flexible Budget

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Descriptive

Time : 2 Hr. 30 Mins. **Marks : 50**

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

1. "Cost may be classified in variety of ways according to their nature and the information needs of the management."- Discuss the statement giving examples of classification requires for different purposes. 10

2. What do you mean by inventory management? Briefly explain the applications Economic Ordering Quantity. From the following particulars find out the EOQ: 3+3+4=10

Annual Demand	12,000 Units
Ordering cost	Rs. 90 per order
Inventory carrying cost p.a	Rs. 15 per unit

3. What is the meaning of Labour Turnover? Discuss the causes and effects of Labour Turnover. 3+7=10

4. What do you mean by Contribution? From the following information calculate: 2+8=10
   a) Contribution
   b) Break Even Point (in Units)
   c) Break Even Point (in Rs)
   d) Sales required to earn a profit of Rs. 20,000

Sales per unit	Rs. 50
Variable Cost per unit	Rs. 45
Fixed Cost	Rs. 80,000

5. What is Break- Even Analysis? Write down the assumptions of Break-Even Analysis. Differentiate between marginal costing and absorption costing 2+4+4=10

6. Define Budget. Discuss the advantages and limitations of Budgetary Control. 2+4+4=10

7. Calculate Prime Cost, Factory Cost, Cost of Production, Cost of Sales and Profit from the following particulars: 10

Particulars	Rs.
Direct Materials	1,00,000
Direct Wages	30,000
Wages of Foreman	2,500
Electric Power	500
Lighting:	
Factory	1,500
Office	500
Storekeeper's wages	1,000
Oil and water	500
Postage and Telegrams	250
Rent:	
Factory	5,000
Office	2,500
Repairs and Renewals:	
Factory Plant	3,500
Office Premises	500
Depreciation	
Factory Plant	500
Office Premises	1,250
Consumable stores	2,500
Managers salary	5,000
Directors Fees	1,250
Office Stationery	500
Telephone Charges	125
Postage and telegram	250
Salesman salaries	1,250
Traveling Expenses	200
Advertising	1,250
Warehouse Charges	500
Sales	1,89,500
Carriage Outward	375

8. Following the data of a manufacturing concern. From the figures given below, calculate 10

a) Material Cost Variance
b) Material Price Variance
c) Material Usage Variance

The standard quantity of materials required for producing one ton of output is 40 units. The Standard price per unit of materials is Rs. 3.During a particular period 90 tons of output was undertaken. The materials required for actual production were 4,000 units. An amount of Rs. 14.000 was spent on purchasing the materials.

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