

**Indian Maritime University**

**PG22T2202/PG21T2202: Cost and Management Accounting**

**Maxi Marks: 60**

**Pass Mark : 30**

**June 2022 End Semester Examinations**

---

*Part A – 10 MCQs (10 X 01 Mark)*

1. Cost accounting involves :
  - a. Recording of cost data
  - b. summarizing of cost data
  - c. Analyzing of cost data
  - d. all of these
  
- 2 Process costing is suitable for -----
  - A. hospitals
  - B. oil refining firms
  - C. transport firms
  - D. brick laying firms
  
3. 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 fixed overheads
  - d) Opportunity cost
  
4. When a contract is completed to the extent of 40% , profit to be taken to P & L A/C is
  - a. Full amount
  - b. NIL amount
  - c. 1/3 of Notional profit
  - d. 2/3 of Notional profit
  
5. In a manufacturing company, which budget is the first to be prepared in the budget process?

- a) the production budget
- b) the cash flow budget
- c) the sales budget
- d) the capital expenditure budget

6. If variable and fixed costs at 60% capacity are Rs 12,000 and Rs 9,000 respectively, total cost at 50% capacity will be

- a. Rs. 25,000
- b. Rs. 28,000
- c. Rs. 19,000
- d. Rs.10,500

7. If sales is Rs 10,00,000, sales returns is Rs 50,000, Profit Before Tax is Rs 2,00,000, Income tax is 40%, Net profit ratio is

- a. 12.63%
- b. 20%
- c. 10%
- d. 50%

8. Current ratio 2.5; Working capital Rs.63,000. Current Assets is

- a. Rs.1,57,500
- b. Rs. 42,000
- c. Rs. 1,05,000
- d. Rs. 25,200

9. The term standard cost refers to the:

- A. average unit cost of product produced in the previous period
- B. budgeted unit cost of product produced in a particular period
- C. average unit cost of product produced by other companies
- D. average unit cost of product produced in the current period

10. Which of the following costs are not included to compute prime cost?

- a. Labour Costs
- b. Material Costs
- c. Direct Expenses
- d. Factory Overheads

*Part B – 5 Short Questions (05 X 02 Marks)*

1. Discuss any two advantages of management accounting.

2. Ascertain Prime cost from the following information.

	Rs.
Direct wages	50,000
Direct expenses	5,000
Opening stock of raw material	10,000
Purchase of raw materials	60,000
Closing stock of raw material	20,000
Carriage inwards	1,500
Carriage outwards	2,000
Raw material returned to suppliers	1,500
Admin O H	8,000
Marketing expenses	2,500

3. How zero-based budgeting is different from traditional budgeting?

4. The price structure of a cycle made by the Cycle Company Ltd. is as follows:

Variable Cost Rs. 100,

fixed Cost Rs. 50,

Profit Rs. 50,

Selling Price Rs. 200.

This is based on the manufacture of one lakh cycles per annum. The company expects that due to competition they will have to reduce selling prices, but they want to keep the total profits intact. How many cycles will have to be made to get the same amount of profit if the selling price is reduced by 10%.

5. From the following details determine the value of debtors: Total Sales Rs. 5,00,000 Debtors Velocity 30 days Cash Sales Rs. 2,00,000 Bills Receivable Rs.5,000. (360 days in a year)

*Part C – 7 Long Questions-Answer Any 5 (05 X 08 Marks)*

1. Prepare a cost sheet of the following data relating to the manufacture of Jeans:

Number of Jeans manufactured during the month 1,000.

Direct materials consumed Rs.20,000  
 Direct labour Rs. 8,000  
 Indirect labour (in factory) Rs. 2,500  
 Supervision costs (in factory) Rs.1,000  
 Factory premises rent Rs. 1,600  
 Factory lighting Rs.600  
 Oil for machines Rs.100  
 Depreciation of machines Rs.500  
 Office overheads Rs. 8,000  
 Office salaries Rs.2,000  
 Misc. office expenses Rs.1,000  
 Selling and distribution overheads Rs.6,000

Note: A profit margin of 20% on the total cost of goods is expected on the sale of Jeans

2. Prepare Cash Budget of a Company for April, and May 2019 in a columnar form using the following information:

Month	Sales (Rs.)	Purchase (Rs.)	Wage (Rs.)	Exp. (Rs.)
Jan. (Actual)	80,000	45,000	20,000	5,000
Feb. (Actual)	80,000	40,000	18,000	6,000
March (Actual)	75,000	42,000	22,000	6,000
April Budget	90,000	50,000	24,000	6,000
May Budget	85,000	45,000	20,000	6,000
June Budget	80,000	35,000	18,000	5,000

You are further informed that:

- (a) 10% of purchase and 20% of Sale are for cash
- (b) The average collection period of the Co. is 1/2 month and credit purchase is paid off regularly after one month
- (c) Wages are paid half monthly and the rent of Rs.500 excluded in expense is paid monthly
- (d) Cash and Bank Balance on April 1, was rs.15,000 and the

company wants to keep it on end of every month below this figure, the excess cash being put in fixed deposits.

3. The following information is given:

Sales = ₹2,00,000; variable cost= ₹1,20,000;

Fixed cost = ₹30,000, No. of Units sold = 1,000 units.

Calculate a) break-even point and Breakeven Unit

b) New break-even point if selling price is reduced by 10%

c) New break-even point if variable cost increases by 10%

d) New break-even point if fixed cost increases by 10%

4. From the following information calculate all possible Labour variances

	<b>Dept. X</b>	<b>Dept. Y</b>
Gross wages paid to direct workers	Rs. 49,980	Rs. 61,920
Standard hours produced	9,000 Hrs.	9,000 Hrs.
Standard rate per hour	Rs. 13	Rs. 18
Actual hours worked	9,800 Hrs.	8,600 Hrs.

5. Following are the balance sheets of a Vijay & son:

Liabilities	1-1-05	31-12-05	Assets	1-1-05	31-12-05
Creditors	36,000	41,000	Cash	4,000	3,600
Loan from Partner	-	20,000	Debtor	35,000	38,400
Loan from Bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Building	50,000	55,000
			Machinery	80,000	86,000
	2,14,000	2,35,000		2,14,000	2,35,000

During the year Rs. 26,000 paid as dividend. The provision made for depreciation against machinery as on 1.1.05 was Rs. 27,000 and on 31.12.05 Rs 36,000. Prepare a cash flow statement.

6. Distinguish between cost accounting and Financial accounting.

7. What is Common size analysis? Explain its uses.

\*\*\*\*\*