

**INDIAN MARITIME UNIVERSITY**  
(A Central University, Govt. of India)  
**Supplementary Examinations – September/October 2024**

**BBA (Logistics, Retailing & E commerce)**

**UG31T2502– COST & MANAGEMENT ACCOUNTING II**

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**Max Marks :70**

**Time: 3 Hrs**

**Pass Marks: 35**

**Date: 13.09.2024**

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**Part A – 10 MCQs (10 X 01 Mark)**

(i). A managerial tool for profit planning involving selling price, costs and volume of business is called.

- (a) Break-even point
- (b) CVP analysis
- (c) standards
- (d) None of the above

(ii). Contribution margin is also known as

- a. Marginal Income
- b. Gross Profit
- c. Net Profit
- d. Net Revenue

(iii). What constitutes the liquidity ratio

- (a) Assets - liabilities
- (b) Current Assets / liquid liabilities
- (c) Liquid Assets/ current liabilities
- (d) None of the these

(iv). When Sales are Rs 9.00 lakhs, fixed cost Rs 1,80,000 P/V ratio 33.33% the amount of profit will be:

- a. Rs 3,00,000
- b. Rs 1,20,000

- c. Rs 1,80,000
- d. None of the above

(v). In make or buy decision, the relevant costs include

- a. Avoidable fixed costs plus fixed manufacturing costs
- b. Variable manufacturing costs plus total fixed costs.
- c. Variable manufacturing costs plus unavoidable fixed costs.
- d. Avoidable fixed costs plus variable manufacturing costs.

(vi). When a budget is designed to furnish costs for any level of activity it is called.

- a. fixed budget
- b. flexible budget
- c. principal budget
- d. None of the above

(vii). Debt Equity Ratio is a

- a. Liquidity Ratio.
- b. Solvency Ratio
- c. Profitability Ratio
- d. Current Ratio

(viii) An organized creative approach which emphasizes efficient identification of unnecessary cost is known as

- a. Value analysis
- b. Quality costing
- c. Zero-based budgeting
- d. Activity based costing

(ix). The difference between the standard cost of direct materials specified for production and the actual cost of direct materials used in production is known as

- (a) Direct Material Cost Variance
- (b) Material yield variance

(c) Production cost variance

(d) None of the above.

(x). Fund flow statement refers to changes in -----

(a) Share capital

(b) working capital

(c) fixed capital

(d) All of these

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

(1) If Gross profit is Rs. 40,000 and GP Margin is 25% of cost, compute the value of sales.

(2) A manufacturing unit sold 4000 units in the month of March 2018 which saw a stock of opening finished goods units at 1000 and closing finished goods 3500 units. What is the quantity of units produced in March?

(3) Write out any two uses of P/V Ratio

(4) Describe two major uses of Cash flow analysis.

(5) What do you understand by zero base budgeting?

**Part C – 7 Long Questions-Answer Any 5 (05 X 10 Marks)**

(i) Define Management accounting, Cost Accounting and outline how it is useful in business.

(ii) From the following information, calculate

[a] Break-even point

[b] Number of units that must be sold to earn a profit of Rs.60,000 per year

[c] Number of units that must be sold to earn a net income of 10 % on sales

Sales price Rs.20 per unit

Variable cost Rs.14 per unit

Fixed cost Rs.79,200

(iii) Bring out the advantages and limitations of ratio analysis.

(iv) Explain Margin of safety and illustrate how one can improve the MoS of a company

(v) Bring out the differences between Standards and budgets.

(vi) The standard cost card reveals the following information:

Standard labour Rate : 50 paise per hour

Std. hour required per unit : 10 hours

Actual data are given below:

Units produced : 500

Std. hours worked : 6,000

Actual Labour Cost : 2,400

(vii) With the following data for a 60% activity, prepare a budget for production at 80% and 100% capacity:

Production at 60% activity 600 units

Material Rs. 100 per unit

Labour Rs. 40 per unit

Expenses Rs. 10 per unit

Factory Expenses Rs. 40,000 (40% fixed)

Administration Expenses Rs. 30,000 (60% fixed)

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