

**Indian Maritime University**  
(A Central University, Govt. of India)

**End Semester Examinations – June 2023**

**Programme: BBA (LRE)**

**Semester: IV**

**Subject Code: UG31T2402**

**Subject: Cost & Management Accounting I**

---

Date: 26.05.2023

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

---

General Instructions

All Sections (A, B & C) are to be attempted.  
Options, if any, are specified in respective section.

**Section A**

Ten MCQs/Fill in the Blanks of 01 Mark each  
Choose the correct answer as applicable.

1. Prime cost is \_\_\_\_\_
  - (a) All cost incurred in manufacturing a product
  - (b) The total of direct costs
  - (c) The material cost of a product
  - (d) The cost of operating a department
2. \_\_\_ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.
  - (a) Overhead absorption
  - (b) Overhead apportionment
  - (c) Overhead allocation
  - (d) Overhead analysis
3. Ticket counter in a metro station is an example of
  - (a) Profit centre
  - (b) Investment centre
  - (c) Cost centre
  - (d) Revenue centre
4. When the amount of overhead absorbed is less than the amount of overhead incurred , it is called \_\_\_\_\_
  - (a) Under absorption of overhead
  - (b) Over absorption of overhead
  - (c) Proper absorption of overhead
  - (d) None of the above
5. In which of the following incentive plan of payment, wages on time basis are not guaranteed?
  - (a) Halsey Plan
  - (b) Rowan Plan
  - (c) Taylor's differential piece rate system

- (d) Gantt's task and bonus system
- 6. Job Costing is used in:
  - (a) Furniture making
  - (b) Repair shops
  - (c) Printing press
  - (d) All of the above
- 7. The type of process loss that should not be allowed to affect the cost of good units is called:
  - (a) Standard Loss
  - (b) Normal Loss
  - (c) Abnormal Loss
  - (d) Seasonal Loss
- 8. A company employs three drivers to deliver goods to its customers. The salaries paid to these drivers are:
  - (a) A part of prime cost
  - (b) A direct production expenses
  - (c) A production overhead
  - (d) A selling and distribution overhead
- 9. The value of abnormal loss is equal to:
  - (a) Total cost of materials
  - (b) Total process cost less cost of scrap
  - (c) Total process cost less realisable value of normal loss less value of transferred out goods
  - (d) Total process cost less realisable value of normal loss
- 10. Cost Price is not fixed in case of \_\_\_\_\_.
  - (a) Cost plus contracts
  - (b) Escalation clause
  - (c) De-escalation clause
  - (d) All of the above

### **Section B**

Five Questions of 02 Marks each

- 11. What is meant by Cost Centre?
- 12. Discuss the concept of ABC Analysis as a measure of inventory control?
- 13. What are the causes of Labour Turnover?
- 14. Write short note on under or Over Absorption?
- 15. What is the difference between cost allocation and cost apportionment?

### **Section - C**

Seven Questions of 10 Marks each of which any 05 questions to be answered.

16. From the following particulars prepare cost sheet

	Rs.
Opening stock of direct materials	61,700
Work in progress at the commencement	1,21,700
Purchase of direct material	2,86,500
Direct wages	3,57,000
Factory on cost	199,500
Selling on cost	70,000
Management on cost	1,,10,000
Sales	12,50,000
Closing stock of direct material	75,400
Closing work in progress	1,35,600
Sale of scrap	1,350
Carriage on direct material	5,950

17.

	<b>Per week</b>
Normal usage	60 units
Minimum usage	40 units
Maximum usage	80 units
Re-order period	4 to 6 weeks
Re-order quantity	400 units

Compute:

- (a) Re-order level
- (b) Maximum level
- (c) Minimum level
- (d) Average level

18. A company is having two production departments namely A and B and two service departments S-1 and S-2. The expenses incurred during the month of March ,2011 are as follows:

<b>Expenses</b>	<b>Amount (Rs.)</b>
Electricity	3,600
Insurance on assets	9,000
Power	15,000
Rent and Taxes	28,000
Depreciation	18,,000
Canteen expenses	5400

The following information is also available for the above departments.

Particulars	A	B	S-1	S-2
Floor space (sq.ft.)	6000	4000	2000	2000
No: of workers	100	50	50	25
H.P of Machine	120	60	30	15
Direct Wages (Rs.)	10000	10000	5000	3000
Value of Assets (Rs. In Thousands)	10	4	3	1
Direct Materials (Rs.)	15000	10000	5000	-
No. of Light Points	30	15	10	5

Prepare a statement showing Primary Distribution of overheads.

19. Product A is obtained after it is processed through processes X, Y and Z

Particulars	Process X	Process Y	Process Z
Number of units introduced in the process	500	-	-
Rate per unit of units introduced (Rs.)	4		
Cost of materials	2600	2000	1025
Direct wages	2250	3680	1400
Production overheads	2250	3680	1400
Normal Loss(% on units introduced in each process i.e. input)	10%	20%	25%
Value of scrap per unit	2	4	5
Output in units	450	340	270

You are required to prepare the process accounts.

20. "The Perpetual Inventory System is an integral part of material control". Discuss this statement by bringing out briefly the salient features and the advantages of this system.

21. The complete gardener is deciding on the EOQ for two brands of lawn fertilizers- Super Grow and Nature's Own. The following information is collected-

Particulars	Super Grow Fertilizer	Nature's Own Fertilizer
Annual Demand	2000 Bags	1280 Bags
Relevant Ordering cost per purchase order	Rs.1200	Rs.1400
Annual Relevant Carrying cost per bag	Rs.480	Rs.560

(a) Compute EOQ for Super Grow and Nature's Own

- (b) For the EOQ, what is the sum of total annual relevant ordering costs and total annual relevant carrying costs for Super Grow and Nature's Own?
- (c) For the EOQ, compute the number of deliveries per year for Super Grow and Nature's Own?

22. What are the essential features of a good Cost Accounting system?

-----All the Best-----

IMUKKOC