

INDIAN MARITIME UNIVERSITY

(A Central University, Govt. of India)

End Semester Examinations – December 2022

M.B.A (PSM)/M.B.A (ITL)

Subject Code: PG22T2202/PG21T2202

Subject Name: COST AND MANAGEMENT ACCOUNTING

Date: 06.06.2023

Time: 3 Hrs

Max Marks :60

Pass Marks: 30

PART – A

Answer all the questions

(10 x 1 = 10Marks)

1. 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

2. Fixed cost is a cost:
 - a) Which changes in total in proportion to changes in output
 - b) which is partly fixed and partly variable in relation to output
 - c) Which do not change in total during a given period despite changes in output
 - d) which remains same for each unit of output

3. 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

4. _____ is also known as working capital ratio.
 - a) Current ratio
 - b) Quick ratio
 - c) Liquid ratio
 - d) Debt-equity ratio

5. _____ is a summary of all functional budgets in a capsule form.
 - a) Functional Budget
 - b) Master Budget

- c) Long Period Budget
 - d) Flexible Budget
6. Capital gearing ratio is _____.
- a) Market test ratio
 - b) Long-term solvency ratio
 - c) Liquid ratio
 - d) Turnover ratio
7.is a post mortem of past cost
- a) Financial accounting
 - b) cost accounting
 - c) both a & b
 - d) none of these
8. Variable cost increases with in output.
- a) Increase
 - b) decrease
 - c) increase or decrease
 - d) none of these.
9. When the concept of ratio is defined in respect to the items shown in the financial statements, is termed as
- a) Accounting ratio
 - b) Financial ratio
 - c) Costing ratio
 - d) None of the above
10. Liquidity ratios are expressed in
- a) Pure ratio form
 - b) Percentage
 - c) Rate or time
 - d) None of the above

Part B

Answer all the five Short Questions

(05 X 02=10 Marks)

- 11. Write short notes on Contract Costing?
- 12. Explain the limitations of Management Accounting (Minimum two limitations)
- 13. Write short Notes on Cash Budget?
- 14. What is in a Cash Flow statement?
- 15. What is Responsibility Accounting?

Part C

Answer any five Questions

(05 X 08=40 Marks)

16. Selling price Rs.150 per unit; variable cost Rs. 90 per unit; fixed cost Rs. 600000 (total).
What is the break-Even point?
What is the selling price per unit if the breakeven point is 12000 units?

17. Draw up a flexible budget for production at 100% capacity on the basis of the following data for a 50% activity.

	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity)	1000 units

18. From the following particulars. Calculate

- a) Material price variance
- b) Material usage variance
- c) Material cost variance

Material purchased - 3000 kgs at Rs.6 per kg

Standard quantity of material fixed for one unit of finished product – 25 kgs at Rs. 4 per kg

Opening stock – Nil

Closing stock – 500 kgs

Actual output during the period – 80 units

19. From the following balance sheet, prepare a statement showing flow of funds

Liabilities	31-12-91	31-12-92	Assets	31-12-91	31-12-92
Share capital	200000	250000	Land	50000	66000
Retained earnings	10000	23000	Stock	80000	90000
Creditors	70000	45000	Debtors	120000	115000
			Cash	30000	47000
	<u>280000</u>	<u>318000</u>		<u>280000</u>	<u>318000</u>

20. Explain the difference between cost accounting and management accounting?
21. What is performance budgeting? Explain its importance.
22. Explain the Limitations of Ratio Analysis?