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- ii. Fixed Cost Rs. 45,000, Variable cost per Unit Rs. 20, Sales for the Year 1,00,000 and Selling Price per unit Rs.50  
Find out-  
(a) Amount of Break Even Point  
(b) Quantity of Break Even Point  
(c) Margin of Safety **6**
- OR iii. Selling Price per unit Rs.40, Variable Cost per unit Rs. 24 and Fixed Cost is Rs. 80,000. **6**  
Find out-  
(a) Profit Volume Ratio  
(b) Sales to earn a net income of Rs. 20000  
(c) Amount & Quantity of Break-Even Sales
- Q.6 Attempt any two:
- i. Explain Standard Costing & give it's any four advantages. **5**
- ii. In brass foundry, the Standard Mixture consists of 60% of Copper & 40% of Zinc. The Standard Loss of Production is 30%. Standard Mixture and Production were:  
Copper 60 Kgs. @ Rs. 5 per kg.  
Zinc 40 Kgs. @ Rs. 10 per kg.  
Standard Production 70 kg.  
  
The Actual Mixture and Production were:  
Copper 80 Kgs. @ Rs. 4.50 per kg.  
Zinc 70 Kgs. @Rs. 8 per kg.  
Actual Production 115 kg.  
Calculate the Material Price Variance and Material Usage Variance. **5**
- iii. What do you mean by Budget & Budgeting? Discuss any two advantages. **5**

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Total No. of Questions: 6

Total No. of Printed Pages: 4

Enrollment No.....



Faculty of Management  
End Sem (Odd) Examination Dec-2019  
MS3CO09 Cost and Management Accounting

Programme: BBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Cost accounting is based on \_\_\_\_\_ system. **1**  
(a) Single entry (b) Double entry  
(c) American accounting (d) Mahajani
- ii. The information obtain from cost accounts is **1**  
(a) Total Cost (b) Per Unit Cost  
(c) Total & per unit Cost (d) All of these
- iii. Which of the following is an example of fixed cost? **1**  
(a) Direct material cost (b) Chargeable expenses  
(c) Salary of Manager (d) Telephone Expenses
- iv. In oil industry, which method of costing is used **1**  
(a) Unit Costing (b) Process Costing  
(c) Group Costing (d) Contract Costing
- v. Economic Order Quantity means purchase of material \_\_\_\_\_ **1**  
(a) In appropriate quantity (b) At appropriate time  
(c) From appropriate place (d) At appropriate rate
- vi. During the situation of rising prices which method of the valuation of inventory tends to value the stock at lower price **1**  
(a) LIFO method (b) FIFO method  
(c) Inflated price (d) Standard price
- vii. Under marginal costing system selling price is determined on the basis of **1**  
(a) Total cost (b) Fixed cost  
(c) Variable cost (d) All of these

P.T.O.

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- viii. On increase of 20% in fixed cost, breakeven point will be **1**  
 (a) Increased by 20% (b) Decrease by 20%  
 (c) No change (d) None of these
- ix. A Budget, in which a certain objective is fixed it is called **1**  
 (a) Flexible Budget (b) Master Budget  
 (c) Current Budget (d) Static Budget
- x. The formula of Material Usage Variance is **1**  
 (a)  $SP - AP \times AQ$  (b)  $SQ - AQ \times SP$   
 (c)  $RQ - AQ \times SP$  (d)  $SQ \times SP$

- Q.2 i. What is cost accounting? **2**  
 ii. Explain any three objectives of cost accounting. **3**  
 iii. In what aspects cost accounting is differ from management accounting? **5**
- OR iv. State any five advantages of cost accounting. **5**

- Q.3 i. Explain the elements of cost. **3**  
 ii. From the following information prepare the process accounts relating to the three processes of production X and Make appropriate adjustment for abnormal wastage and abnormal gain. **7**

Items of Expenditure	Total Exp	Process I	Process II	Process III
Materials	15,804	5,200	3,960	5,924
Direct Wages	18,000	4,000	6,000	8,000
Overheads	18,000	To be allocated at 100% on Direct Wages		

1,000 units were introduced in the first process at a cost of Rs. 6 per unit. Other particulars are as follows-

Process	Actual Production	Normal Wastage	Sale of Scrap wastage units
I	950 Units	5%	4 Rs. Per Unit
II	840 Units	10%	8 Rs. Per Unit
III	750 Units	15%	10 Rs. Per Unit

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- OR iii. Prepare a Cost Sheet from the following information's- **7**  
 Stock in Hand on 1<sup>st</sup> March 2018:  
 Raw Materials 25,000  
 Finished Goods 17,360  
 Stock in Hand on 31<sup>st</sup> March 2018:  
 Raw Materials 26,250  
 Finished Goods 15,750  
 Purchase of Raw Materials 21,900  
 Work in Progress on 1<sup>st</sup> March 8,220 and on 31<sup>st</sup> March 9,100,  
 Sales 72,310, Direct Wages 17,150, Indirect Wages 830, Work Expenses 8,340, Office Expenses 3,160 & Selling Expenses 4,210 Rs.

- Q.4 i. Explain the ABC analysis system for inventory control. **3**  
 ii. Two Components A and B are used as follows- **7**  
 Normal Usage -300 Units per week each  
 Maximum Usage- 450 Units per week each  
 Minimum Usage- 150 Units per week each  
 Re-Order Quantity for A-2400 Units & B- 3600 Units  
 Re-order Quantity for A-4 to 6 weeks & B- 2 to 4 weeks  
 Calculate for each component:  
 (a) Re-order level (b) Minimum Level  
 (c) Maximum level (d) Average level

- OR iii. From the following particulars, prepare stores ledger account by Last in First Out Method (LIFO) – **7**

Date	Material Received		Material Issued	
1 April	900 Kg.	@ 10 Rs.	4 April	800 Kg.
8 April	400 Kg.	@ 11 Rs.	12 April	300 Kg.
16 April	800 Kg.	@ 12 Rs.	18 April	400 Kg.
25 April	700 Kg.	@ 13 Rs.	28 April	600 Kg.

- Q.5 i. Explain Marginal Cost and Profit Volume Ratio. **4**

P.T.O.

## Marking Scheme

### MS3CO09 Cost and Management Accounting

Q.1	i.	Cost accounting is based on _____ system.	1
		(b) Double entry	
	ii.	The information obtain from cost accounts is	1
		(d) All of these	
	iii.	Which of the following is an example of fixed cost?	1
		(c) Salary of Manager	
	iv.	In oil industry, which method of costing is used	1
		(b) Process Costing	
	v.	Economic Order Quantity means purchase of material _____	1
		(a) In appropriate quantity e	
Q.2	vi.	During the situation of rising prices which method of the valuation of inventory tends to value the stock at lower price	1
		(a) LIFO method	
	vii.	Under marginal costing system selling price is determined on the basis of	1
		(c) Variable cost	
	viii.	On increase of 20% in fixed cost, breakeven point will be	1
		(a) Increased by 20%	
	ix.	A Budget, in which a certain objective is fixed it is called	1
		(d) Static Budget	
	x.	The formula of Material Usage Variance is	1
		(b) $SQ - AQ \times SP$	
Q.2	i.	Meaning of cost accounting	2 mark
	ii.	Each objectives	(1 mark*3)
	iii.	Difference between Cost and Management Accounting	5
OR	iv.	Five advantages	(1 mark*5)
Q.3	i.	Elements of cost.	3
	ii.	Practical problem (Step marking)	7
OR	iii.	Practical problem (Step marking)	7
Q.4	i.	ABC analysis system or meaning.	3
	ii.	Practical problem proportionate marking	7

OR	iii.	Practical problem proportionate marking	7
Q.5	i.	Meaning of Marginal Cost	2 marks
		Profit Volume Ratio	2 marks
	ii.	Practical problem (Step marking)	(2 marks*each) 6
OR	iii.	Practical problem (Step marking)	(2 marks*each) 6
Q.6		Attempt any two:	
	i.	Explain Standard Costing	2 marks
		Each advantages.	(1.5 marks*2)
	ii.	Practical problem proportionate marking	(1.25 marks * each) 5
	iii.	Meaning of Budget	1 mark
		Budgeting	1 mark
		Two advantage	(1.5 marks*2)

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