Q.5 i. "Marginal costing is a tool for decision making". Comment. **4**

ii. A company gives you following information about its product: **6**

Year	Sales	Profit
2003	15000	400
2004	19000	1150

Calculate:

(a) P/V ratio

(b) Profit or loss when sales are Rs. 12,000

(c) Sales required to earn a profit of Rs. 2,000

(d) Break-even point.

OR iii. A company gives you following information about its product: **6**

Sales Rs. 100,000

Profit Rs 10,000

Variable cost Rs 70%

Calculate:

(a) P/V ratio (b) Fixed cost

(c) Sales volume to earn a profit of Rs. 40,000

Q.6 Attempt any two:

i. What do you mean by budgets? Describe any five types of budgets. **5**

ii. As per the standard set in a biscuit manufacturing company 5 kgs. of flour are required to make 80 packets of biscuits. The standard price of flour is 16 per kg. The production and cost figures for the month of April show that 16,000 packets of biscuits were made for which 960 kgs. of flour were used @ 6.50 per kg. **5**

From the above data, you are required to compute material cost variance, material price variance and material usage variance.

iii. The standard data of a factory are: 225 men and 150 women, working for 100 hours, produce 15,000units. The standard wage rate per hour for a man and women are 8 and 6 respectively. **5**

For the month of April, the actual production and cost data are: 300 men and 180 women, working for 95 hours, produced 18,000 units for which they were paid @ ₹8.60, 5.40 per hour per head. From the above information calculate all labour cost variances.

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Total No. of Questions: 6 *Total No. of Printed Pages:4*

Enrollment No......................................

Faculty of Management Studies
End Sem Examination Dec-2023
MS3CO09 Cost & 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. Assume suitable data if necessary. Notations and symbols have their usual meaning.

Q.1 i. Direct cost incurred can be identified with ______. **1**

(a) Each department (b) Each unit of output

(c) Each month (d) Each executive

ii. Basic objectives of cost accounting is______. **1**

(a) Tax compliance (b) Financial audit

(c) Cost ascertainment (d) Profit analysis

iii. Process costing can be useful for- **1**

(a) Billing users or departments based on resource usage

(b) Playing video games

(c) Managing email accounts

(d) Designing graphics and animations.

iv. Classification of cost is useful- **1**

(a) To find gross profit (b) To find net profit

(c) To identify costs (d) To identify efficiency

v. In ABC analysis, which category typically represents high-value items that contribute significantly to the overall inventory value? **1**

(a) Category A (b) Category B

(c) Category C (d) Category Z

vi. The EOQ model helps find the order quantity that minimizes the total cost, which is the sum of- **1**

(a) Ordering cost and holding cost

(b) Carrying cost and safety stock cost

(c) Stockout cost and lead time cost

(d) Reorder point and demand cost

vii. What is the primary focus of marginal costing in cost accounting? **1**

(a) Total costs (b) Variable costs

(c) Fixed costs (d) Overhead costs

viii. Which of the following is a key feature of marginal costing? **1**
(a) Fixed costs vary with production volume.
(b) Variable costs remain constant regardless of production volume.
(c) It helps in calculating the break-even point.
(d) Marginal costing is used exclusively for financial reporting.

ix. In the context of budgetary control, what is a flexible budget? **1**
(a) A budget that does not change during the fiscal year
(b) A budget that is adjusted for changes in activity levels
(c) A budget that only includes fixed costs
(d) A budget that ignores actual performance

x. Which of the following is not a type of standard cost? **1**
(a) Ideal standard (b) Normal standard
(c) Achievable standard (d) Peak standard

Q.2 i. Differentiate between cost accounting and management accounting. **4**

ii. Define cost and cost accounting and explain their objectives and functions in detail. **6**

OR iii. What is management accounting? Discuss the scope, functions and limitations of management accounting. **6**

Q.3 i. What is costing? **2**

ii. **8**

	Process X (Rs.)	Process Y (Rs.)
Materials consumed	6000	3000
Wages	7000	4000
Manufacturing expenses	2000	2000

10, 000 units were brought into Process X, costing Rs. 5000. The outputs were-

Process X	9,500 units
Process Y	8,500 units

Prepare Process Cost Accounts showing the cost of the output.

OR iii. Bombay manufacturing company submits the following information on 31-3-2019. **8**

Particulars	**Rupees**
Sales for the year	2,75,000
Inventories at the beginning of the year-	
Raw Materials	3,000
Work in Progress	4,000
Finished Goods	1,10,000
Purchase of materials	65,000
Direct Labour	6,000

Particulars	**Rupees**
Inventories at the end of the year -	
Raw Materials	4,000
Work in Progress	6,000
Finished Goods	8,000
Other expenses for the year –	
Selling expenses	27,500
Administrative expenses	13,000
Factory overheads	40,000

Prepare cost sheet.

Q.4 i. What do you mean by inventory control? What are the techniques of inventory control? **4**

ii. (a) Find out economic order quantity and total cost- **6**
1. A company requires 1,500 units of raw material per month.
2. Ordering cost is 20 per order.
3. Holding cost in addition to 1 per unit is estimated to be 10% of the cost of average inventory.
4. Purchase price of raw materials is 10 per unit.

(b) The supplier of raw materials has agreed to supply the goods at a discount of 5% in price on a lot size of 2,000 units or more. Find whether the discount should be availed.

OR iii. On 1st January, the stock of a component in the store was 500 units at 30 per hundred. During the three months the receipts and issues were as follows - **6**

Month	Transaction	Qty. (Units)	Rate (Per hundred)
January	Purchase	400	40
January	Issue	400	-
February	Purchase	500	38
February	Issue	600	-
March	Purchase	800	42
March	Issue	900	-

When stock was taken on 31st March, a shortage of 20 units was revealed. Prepare a store Ledger Card under first in first out method and show how would you deal with the discrepancy?