

2M5102

Roll No. _____

Total No of Pages: 3

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M. B. A. II Sem. (Main / Back) Exam., June-July 2016
M-202 A Cost Accounting for Management

Time: 3 Hours

Maximum Marks: 70
Min. Passing Marks: 28

Instructions to Candidates:

- (i) The question paper is divided in two sections.
- (ii) There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions.
Section B contains short case study / application based question which is **compulsory**.
- (iii) All questions carry **equal** marks.

SECTION - A

Q. 1 Costing is the Technique and Process of ascertaining cost" Explain. [14]

Q. 2 Explain the term Management Audit and Cost Audit? Differentiate between Cost Audit and Mgmt Audit. [4+10=14]

Q. 3 What is the meaning of Activity Based Costing? Explain the concept of cost drivers and discuss the factors affecting the selection of cost drivers. [3+3+8=14]

[2M5102]

Page 1 of 3

[2500]

Q. 4 A company has a maximum capacity of producing 2,10,000 units per year. Normal capacity is regarded as 1,80,000 units per year. Variable manufacturing costs are ₹ 11 per unit and fixed manufacturing costs are ₹ 5,40,000 variable selling costs are ₹ 3 per unit. while fixed selling costs are ₹ 2,52,000 per year. Selling price per unit is ₹ 20.

- (a) What is the Break-even Point expressed in Units?
- (b) What is the volume of sales in Rupees to earn a target net income of ₹ 60,000 per year?
- (c) How many units must be sold to earn a net income of 10% on sales?
- (d) What should be the selling price if the BEP is to be brought down to 80,000 Units?
- (e) Margin of safety at a profit of ₹ 90,000. [2+3+3+3+3=14]

Q. 5 From the following information pertaining to a manufacturing company:

Standard Wages:

Grade A : 90 workers @ ₹ 2.00 per hour

Grade B : 60 Workers @ ₹ 3.00 per hour

Actual Wages:

80 workers @ ₹ 2.50 per hour

70 workers @ ₹ 2.00 per hour

Budgeted Hours 1000, and Actual Hours 900

Production 5000 units: Standard Loss 20% and Actual Loss 900 units

Calculate:-

- (a) Labour Cost Variance
- (b) Labour Rate Variance
- (c) Labour Efficiency Variance
- (d) Labour Mix Variance
- (e) Labour Yield Variance [3+3+3+3+2=14]

Q. 6 From the following information, Prepare a statement showing the cost and profit per unit. [14]

- (a) Direct Material Consumed ₹ 4,00,000
- (b) Direct Labour: 40% Direct Material Cost
- (c) Direct expenses: 50% of Direct Labour Cost
- (d) Factory Overheads: 25% of prime cost
- (e) Office and Adm'n overheads @ ₹ 150 per 10 units produced
- (f) Selling & Distribution exps. @ ₹ 500 per 100 units sold
- (g) Opening finished stock ₹ 800 units @ ₹ 85.5 per unit
- (h) Closing finished Stock 400 units
- (i) Finished Goods Sold 16400 units
- (j) Profit: 1/6 of sales

SECTION – B

Case Study

[14]

Q. 7 A factory is currently working at 50% capacity and produces 15000 units.

Prepare a budget and estimate the profit of the company when it works at 60% and 80% capacity.

At 60% capacity the raw material cost increases by 2% and selling price falls by 2%.

At 80% capacity raw material cost increases by 5% and selling price falls by 5%.

At 50% capacity the total cost is 720 ₹ per unit {Material ₹ 400, Wages ₹ 120, Factory Overheads ₹ 120 (40% fixed), office overheads ₹ 80 (50% Fixed)} and unit selling price is ₹ 800.