

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)

December 2016 End Semester Examinations

Master of Business Administration
Second Semester – International Transportation and Logistics Management /
Port and Shipping Management (2015 batch onwards)

Cost and Management Accounting (PG21T2202/ PG22T2202)

Date : 16.12.2016

Time: 3 Hrs

Maximum Marks: 60

Pass Marks : 30

SECTION-A

(12x 1= 12 Marks)

(Answer All Questions)

Choose the correct answer:

1. The role of financial management does not usually include responsibility for
 - a. treasury management
 - b. corporate finance
 - c. risk management
 - d. compliance with accounting standards

2. Total costs are comprised of
 - a. variable costs plus fixed costs
 - b. variable costs plus fixed costs plus semi-variable costs
 - c. fixed costs plus semi-variable costs
 - d. variable costs plus semi-variable costs

3. Prime costs are comprised of
 - a. materials costs plus production overheads
 - b. direct labour costs plus production overheads
 - c. production expenses plus materials costs plus direct labour costs
 - d. materials costs plus direct labour costs

4. Which of the following examples of bases of cost apportionment may relate to rent, heating and lighting?
 - a. number of employees
 - b. number of products
 - c. weight
 - d. area

5. Using the marginal costing method, contribution is equal to total sales revenue less
 - a. direct labour costs
 - b. total costs
 - c. variable costs
 - d. fixed costs
6. Flexed budgets are used to show
 - a. revised expected costs and revenues as a result of changes in activity levels
 - b. the impact of the removal of 'padding' from operational budgets
 - c. changes to budget targets following poor performance
 - d. perfect performance under perfect conditions
7. Direct materials variances may be analysed into
 - a. price and usage variances
 - b. usage and efficiency variances
 - c. price and productivity variances
 - d. efficiency and price variances
8. The statement of cash flows tells us
 - a. how much profit the business has made during an accounting period
 - b. how much cash has been received and paid during an accounting period
 - c. the forecast cash movements over a period of time
 - d. the financial position of the business at a point in time
9. Performance review of a business must compare against
 - a. the performance of a similar business within its industrial sector
 - b. an appropriate standard for comparison
 - c. the performance of a similar business outside its industrial sector
 - d. a business of similar size
10. A limited company must send a copy of its annual report and accounts to
 - a. all its customers
 - b. its bankers
 - c. the Registrar of Companies
 - d. all its suppliers

11. In Marginal Costing Actual Sales less BEP sales is _____

- a. BEP Units
- b. Margin of Safety
- c. Profit Volume Rates
- d. Profit

12. Period Cost means:

- a. Fixed cost
- b. Variable cost
- c. Prime Cost
- d. Semi- Variable Cost

SECTION-B

(5x 4= 20 Marks)

(Answer ANY FIVE Questions not exceeding 200 words each. All Questions carry equal marks)

13. Discuss the merits and demerits of Cost and Financial accounting

14. What is Comparative financial statement? How are they prepared?

15. Explain the meaning and advantages of flexible Budget.

16. From the following information calculate Material price variance and Material usage variance:

Particulars	Standard			Actual		
	Quantity (kilos)	Unit price(Rs)	Total (Rs)	Quantity (kilos)	Unit price(Rs)	Total (Rs)
Material A	10	2.00	20.00	5	3.00	15.00
Material B	20	3.00	60.00	10	6.00	60.00
Material C	20	6.00	120.00	15	5.00	75.00
Total	50	4.00	200.00	30	5.00	150.00

17. The sales turnover and profit during two periods were as follows :

Period 1 Sales Rs.8,10,000 Profit Rs.21,600

Period 2 Sales Rs.10,26,000 Profit Rs.64,800

Calculate:

- a. P/V Ratio,
- b. Fixed cost , and
- c. Profit or loss when sales are Rs.6,48,000.

18. Prepare a production Budget for three months ended March 31, 2012 for a factory producing four products, on the basis of the following information;

(in Units)

Product	Opening Stock	Estimated Sales	Closing Stock
A	2,000	10,000	3,000
B	3,000	15,000	5,000
C	4,000	13,000	3,000
D	3,000	12,000	2,000

19. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rate at 70% plan capacity

Particulars	80% capacity level
Variable Overheads:	
Indirect labor	12,000
Stores	4,000
Semi-Variable Overheads:	
Power (30% Fixed, 70% Variable)	20,000
Repairs (60% Fixed, 40% Variable)	2,000
Fixed Overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000

Estimate direct labor hours 124000 hours.

SECTION - C

(4 x 7 = 28 Marks)

(Question No.20 is compulsory. Answer any THREE from the remaining questions. Each Analysis/ Answer should not exceed 500 words)

20. An analysis of Siltan Manufacturing Co. Ltd., led to the following information:

	Variable Cost (% of Sales)	Fixed cost Rs.
Direct Material	32.8	-
Direct Labour	28.4	-
Factory Overheads	12.6	1,89,900
Distribution Overheads	4.1	58,400
Administration Overheads	1.1	66,700

Budgeted sales are Rs. 18, 50,000. You are required to determine:

- (i) the break even sales volume
- (ii) the profit at the budgeted sales volume and
- (iii) the profit if actual sales drop by 10% from budgeted sale.

21. Explain how cost accounting helps to eliminate the limitations of financial accounting.

22. Briefly explain the various types of budgets.

23. Explain the significance of marginal costing.

24. With the help of the following ratios regarding Indu films, draw the balance sheet of the company for the year 2010.

Current Ratio	2.5
Liquidity ratio	1.5
Net working capital	Rs. 3,00,000
Stock Turnover ration (cost of sales /closing stock)	6 times
Gross profit ratio	20%
Fixed Assets turnover ration (on cost of sales)	2 times
Debt collection period	2 months
Fixed assets to shareholders Net worth	0.80
Reserve and surplus to Capital	0.50

25. Prepare Cash Budget for the months of May, June and July 2011 from the following:-

Months	Credit Sales Rs	Credit Purchase Rs	Wages Rs	Manufacturing expenses Rs.	Office Expenses Rs	Selling Expenses Rs
March	60,000	36,000	9,000	4,000	2000	4000
April	62,000	38,000	8,000	3,000	1500	5000
May	65,000	33,000	10,000	4,500	2500	4500
June	58,000	35,000	8,500	3,500	2000	3500
July	56,000	39,000	9,500	4,000	1000	4500
August	60,000	34,000	8,000	3,000	1500	4500

- Cash balance on 1st May, Rs 12,000
- Plant costing Rs 16000 is due for delivery in July, payable 10% on delivery and the balance after 3 months
- Advance Tax of Rs 8000 each is payable in March and June.
- Period of credit allowed (i) by suppliers –two months and (ii) to customers – One month
- Lag in payment of manufacturing expenses – ½ month
- Lag in payment of office and selling expenses-One month
