Register No.: .... Name.: ....

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022

(2020 Scheme)

Course Code : **20MBA235**

Course Name: **Cost Accounting and Budget Control**

Max. Marks : 60 **Duration: 3 Hours**

PART A

(Answer all questions. Each question carries 2 marks)

1. List down the elements of cost.
2. What do you mean by escalation clause in contract
3. What do you mean by marginal cost?
4. List down the formula for material cost variance
5. Outline the managerial application of budgetary control.

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Illustrate the various managerial applications of cost sheet with examples.
7. A batch of 1200 units was introduced to a process at Rs.100 each. 900 units were completed and transferred as finished stock to the store. The normal process loss is 20% and scrap is sold at Rs.20 per unit. The direct wages in the process is Rs 20,000 and overhead expenditure incurred were 20% of direct wages. Construct the process account and abnormal loss/gain account.
8. Explain flexible budget ? Distinguish between flexible and fixed budgets?
9. Estimate material cost variance, material usage variance and material price variance from the following data:
   Standard Material 50 units @ Re 1.00
   Actual Material 45 units @ 0.80 p
10. From the following information you are required to determine which of the alternative sales mix you would recommend to management.

	Product X (Rs)	Product Y (Rs)
Selling Price per Unit	50	40
Direct Materials per Unit	16	12
Direct wages	12	8
Fixed overheads	1500	
Variable overheads	150 % of direct wages	

Alternative sales mix:

- 500 units of X and 500 units of Y.
- Nil unit of X and 800 units of Y.
- 800 units of X and 200 units of Y.

PART C

(Compulsory question, the question carries 20 marks)

11. The managing director of a small manufacturing concern consults you as to the minimum price at which he can sell the output of the departments of the company which is intended for mass production in future. The company's records show the following particulars for this department for the past year for production and sale of one hundred units.

    Materials Rs.14,000;
    Direct labour Rs. 7,000;
    Works overheads Rs. 7,000;
    Administration overhead Rs. 2,800;
    Selling overheads Rs. 3,200;
    Profit Rs. 6,000.

    You ascertain that 40% of the works overheads vary directly with production and 60% is fixed. Whereas 70% of the selling overheads vary with sales and rest remains fixed. It is anticipated that the department would produce 500 units per annum and that direct labour charges per unit will be reduced by 20%, while the fixed works overheads will increase by Rs. 3,000. Administration overheads and fixed selling overheads are expected to show an increase of 25% but otherwise no changes are anticipated.

    Estimate the impact of cost and profit when there is a change in production capacity from 100 units to 500 units.

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