

Reg. No. \_\_\_\_\_ Name: \_\_\_\_\_

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**  
**FIFTH TRIMESTER MBA DEGREE EXAMINATION JANUARY 2019**

**FIN-T5-12 COST ACCOUNTING AND BUDGET CONTROL**

Max. Marks: 60

Duration: 3 Hours

**Part A**

*Answer all questions. Each question carries 2 marks*

**Write short notes on:**

1. Cost accounting system
2. (a) Tender price (b) Key factor
3. Essentials of budgetary control
4. (a) P/V ratio (b) Angle of incidence
5. Applications of marginal costing

(5x2 marks = 10 marks)

**Part B**

*Answer any 3 questions. Each question carries 10 marks*

6. (a) What are the different benefits of integrated accounting system?

(b) From the following data, prepare a cost sheet showing the electricity generated per unit of Kwh by a Thermal power station. (All figures in Rs. otherwise specified)

Total units generated=20,00,000 Kwh	Lubricants, spares and stores =40,000
Operating labour =50,000	Plant supervision = 30,000
Repairs and Maintenance =50,000	Administrative overheads =20,000

Coal consumed per Kwh for the year is 2.5 Kg @ Re 0.02 per kg. Depreciation charge @ 5% on capital cost of Rs.2,00,000.

7. Royal Co. Ltd. Given the following information of their products X and Y (All costs in Rs.)

Particulars	Product X (price/unit)	Product Y (price/unit)
Direct material	10	9
Direct wages	3	2
Selling price	20	15
Fixed Expense	Rs. 800	
Variable Expense	100 % of direct wages	

Calculate (a) Contribution/ unit (b) Total contribution and profit resulting from each of the products X and Y and should (c) Recommend which of the following sales mix should be adopted:

- (i) 100 units of product X and 200 units of Product Y
- (ii) 150 units of product X and 150 units of Product Y
- (iii) 200 units of product X and 100 units of Product Y

8. 40000 units of basic material were introduced in process A at a cost of Rs. 11600 in April 2007. The normal loss is estimated at 5% of input and has a realizable value of Re.1 per unit.

At the end of the month, 2800 units were completed and transferred to next process, 920 units were incomplete and 280 units had been scrapped.

The degree of completion of closing work in progress was as; Materials - 75% Labour - 50% Overhead - 50%	Process costs were as ; Direct Material = Rs. 2880 Direct wages =Rs. 6680 Overhead = Rs.3340
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Units scrapped passed through the process and were 100% completed as regards material, labour and overhead. Prepare statement of (a) Equivalent production (b) Cost per unit of Equivalent production (c) Apportionment of process costs.

9. Prepare a flexible budget for production at 80% and 100% capacity on the basis of the following information:

Production at 50% capacity = 5000 units	Direct expense =Rs. 15 per unit
Raw materials = Rs. 80 per unit	Factory expense =Rs. 50,000 (50% fixed)
Direct Labour =Rs. 50 per unit	Administration expense = Rs. 60,000 (60% variable)

10. What are the objectives and significance of responsibility accounting? Also mention the various problems of responsibility accounting.

(3x10 marks = 30 marks)

### Part C

*Compulsory question, the question carries 20 marks*

11. Calculate the labour variances from the following information.

Standard wages: Grade X- 90 labourers @ Rs. 2 per hour Grade Y- <u>60</u> labourers @ Rs. 3 per hour <u>150</u>	Actual Wages: Grade X- 80 labourers @ Rs. 2.5 per hour Grade Y- <u>70</u> labourers @ Rs. 2 per hour <u>150</u>
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Budgeted hours=1000, Actual hours=900, budgeted gross production=5000 units, standard Loss=20%, Actual loss=900 units.

(20 marks)

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