

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (S), MAY 2022

(2020 Scheme)

Course Code : 20MBA235

Course Name: Cost Accounting and Budget Control

Max. Marks : 60

Duration: 3 Hours

*Scientific Calculators are allowed for the examinations
Programmable calculator or other computing devices will not be permitted*

PART A*(Answer all questions. Each question carries 2 marks)*

1. What do you understand by cost objects?
2. Explain the term key factor?
3. Name four types of industries where Job order costing can be applied?
4. Illustrate flexible budget?
5. What is material cost variance?

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

6. A manufacturer of stationary goods is thinking about dropping one item from the product line of books and replace with another. The following is the data regarding cost and output:

| Products | Price (Rs) | Variable cost P U(Rs) | Output in units |
|------------------------|------------|-----------------------|-----------------|
| Note books | 60 | 40 | 2000 |
| Note pads | 40 | 30 | 3000 |
| Diary | 100 | 80 | 2000 |
| Total fixed cost (Rs) | 50,000 | | |
| Sales last year(units) | 7,000 | | |

The plan under consideration is, dropping the production of diary and include drawing books. The following is the forecasted data if the change is implemented:

| Products | Price (Rs) | Variable cost P U(Rs) | Output in units |
|------------|------------|-----------------------|-----------------|
| Note books | 60 | 40 | 2000 |
| Note pads | 40 | 30 | 3000 |

| | | | |
|-------------------------|--------|----|------|
| Drawing book | 80 | 30 | 2000 |
| Total fixed cost (Rs) | 50,000 | | |
| Sales this year (units) | 7,000 | | |

Recommend whether the change has to be implemented.

7. a. "Cost accounting is an aid to management". Examine the main points in support of this statement. (6 marks)
- b. Explain in detail the limitations of cost accounting? (4 marks)
8. The product of Company A passes through three distinct processes to completion- A, B and C. From the past experience, it is ascertained that loss is incurred in each processes as : Process A -2%, Process B-5% and Process C -10%.

In each case the percentage of loss is calculated as the number of units entering the process concerned.

The loss of processes A and B has a scarp value of Rs 5 per 100 units and that of process C at Rs 20 per 100 units

The output from each process passes to next process and from process C to stock

The following information is obtained

| Particulars | Process A (Rs) | Process B (Rs) | Process C (Rs) |
|------------------------|----------------|----------------|----------------|
| Materials consumed | 6,000 | 4,000 | 2,000 |
| Direct labour | 8,000 | 6,000 | 3,000 |
| Manufacturing expenses | 1,000 | 1,000 | 1,500 |

20,000 units have been issued to Process A at a cost of Rs 10,000. The output of each process has been as under

Process A 19,500

Process B 18,800

Process C 16,000

There is no work in Progress. Prepare process cost accounts for all stages

9. Analyze the material price variance and material usage variance from the following information
- Standard Output : 600 units
 Actual Output : 500 units
 Standard Quantity per unit : 1 kg
 Total Actual Quantity used : 600 kgs
 Standard rate per unit : Rs 14/ kg
 Actual rate per unit : Rs 15/kg

10. Explain the different classification of budgets?

PART C

(Compulsory question, the question carries 20 marks)

11. Construct a cash budget for three months ending June 30, 2017 from the information given below:

| Month | Sales (Rs) | Materials (Rs) | Wages (Rs) | Overheads (Rs) |
|----------|------------|----------------|------------|----------------|
| February | 14,000 | 9,600 | 3,000 | 1,700 |
| March | 15,000 | 9,000 | 3,000 | 1,900 |
| April | 16,000 | 9,200 | 3,200 | 2,000 |
| May | 17,000 | 10,000 | 3,600 | 2,200 |
| June | 18,000 | 10,400 | 4,000 | 2,300 |

Credit terms are

1. Sales- 10% sales are on cash, 50% of sales are collected next month and the balance in the following month
2. Creditors: Materials are paid 2 months after the purchase; 75% of wages are paid in the same month and rest in the next month; 50% of overheads are paid in the same month and rest in the following month
3. Plant and Machinery will be installed in February 2017 at a cost of Rs. 96,000. The monthly installment of Rs. 2,000 is payable from April onwards.
4. Advance to be received for sale of vehicles Rs. 90,00 in June
5. Dividends from investments amounting to Rs. 1,000 are expected to be received in June.
6. Income tax (advance) to be paid in June, is Rs. 2,000
7. Dividend at 5% on preference share capital of Rs. 2,00,000 will be paid on 1st June
8. Cash and Bank balance on April 1, 2017 is expected to be Rs. 6,000
