

CODE NO: R7-32/MBA

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA-III Semester Regular Examinations February -2010

COST AND MANAGEMENT ACCOUNTING

Time:3hours

Max.Marks:60

Answer any Five questions
All questions carry equal marks

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1. The under mentioned figures have been collected from the books of a company. Cost of materials, Rs.8,00,000, cost of labour Rs.6,00,000; factory charges Rs.3,00,000; Administration charges Rs.3,40,000/- selling charges Rs. 85,000/- distribution charges Rs.85,000/-.
On the basis of the above figures a work order has been executed and the following expenses have been incurred there on:
Materials Rs.20,000/- Labour Rs 12,000/- factory overheads are based on direct wages. Administration, selling and distribution charges are based on factory cost. Assuming that the factory overhead has gone up to 10% and other overhead expenses maintaining the same percentages and profit charged is 20% on the total cost, find the total price of the work order.
2. The following are extracted from the costing records of an oil mill for the year ended 31st march 2006:
Purchase of 5,400 tons of coconuts for Rs.4,40,00/-

	Crushing	Refining	Finishing
	Rs.	Rs.	Rs.
Cost of labour	5500	2200	3300
Electric power	1320	800	528
Sundry materials	220	4400	---
Repairs to machines	600	720	308
Steam	1320	1000	1000
Factory Expenses	2900	1450	484

Cost of Casks- Rs.16,500 /-

3,200 tons of crude oil were produced, 200 tons of oil were produced by the refining process and 2500 tons of refined oil were finished for delivery.

	Rs.
Coconut sacks sold	440
1925 tons of coconut residue sold	24,200

Loss in weight in crushing : 275 tons

500 tons of by product obtained from refining process : Rs.7425

Prepare necessary process account.

- 3.a) A manufacturer buys a certain equipment from outside suppliers at Rs.30 per unit. Total annual needs are 800 units. The following further data is available.

Annual refund on investment	10%
Rent, insurance, taxes per unit per year	Rs.1/-
Cost placing an order	Rs. 200 /-

Determine economic order quantity.

- b) Calculate (i) Reorder level (ii) Maximum level given that there are two components A and B.

Normal usage	50 units per week each.
Minimum usage	25 units per week each
Maximum usage	75 units per week each
Reorder quantity	A : 600 units B : 1000 units.
Recorded period	A : 4 to 6 weeks B : 2 to 4 weeks.

- 4 The following data relating to two years:

Year	Sales	Profit
	Rs.	Rs.
I	2,00,000	20,000
II	3,00,000	40,000

- Calculate (a) P/V ratio
(b) Variable cost for both periods
(c) Fixed cost
(d) Break even sales
(e) Making of safety for both periods
(f) Sales to earn a profit of Rs.60,000 /-

5. How do you classify costs for managerial use? Define cost centre and cost unit. Illustrate.
6. In a light engineering factory, the following particular have been collected for the three months period ended 31st Dec 2005. Compute the departmental overhead rates for each of the production department assuming that overhead are covered as a percentage of direct wages.

Particulars	Rs	Production Depts			Service department	
		A	B	C	D	E
Direct wages	Rs.	2000	3000	4000	1000	2000
Direct materials	Rs	1000	2000	2000	1500	1500
Staff	Nso	100	150	150	50	50
Electricity	Kwh	4000	3000	2000	1000	1000

Light point	Nos	10	16	4	6	4
Asset value	Rs	120000	8000	6000	2000	20000
Area occupied	sq.yd	150	250	50	50	50

The expenses for the period were

	Rs		Rs
Motive Power	550	Lighting Power	100
Stores overhead	400	Amenities to staff	1500
Depreciation	15000	Repair & maintenance	6000
General overhead	12000	Rent & Rates	550

Apportion the expenses of service department E proportionate to Direct wages and that of service dept D inter ratio of 5:3:2 to department A, B and C respectively. What are the causes for material and labor.

7. How do you interpret the same Variance? Illustrate.
8. Write short notes on any three of the following:
 - a) Scope of management accounts
 - b) Labour hours rate.
 - c) Cost audit
 - d) Management audit.
