R07

Code No: MA302

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA - III Semester Examinations January 2011
COST AND MANAGEMENT ACCOUNTING

Time: 3hours **Max. Marks: 60**

Answer any five questions
All questions carry equal marks

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1\. i) Define cost accounting and explain its method ?

ii) D.S.CO. Manufactures two types of shoes P&Q costs for the year ended 31-3-2007.

Direct materials	----------	14,00,000
Direct wages	----------	7,40,000
Production over head	----------	3,60,000
		25,00,000

There was no work in progress at the beginning (or) at the end of the year. It is ascertained that

(a) Direct material in type P shoes twice as much as that in type Q
(b) The direct wages for type Q shoes were 50% of those of type P shoes.
(c) Production overhead was the same per pair of P&Q type.
(d) Administrative overhead for each type was 140% of direct wages.
(e) Selling cost was Rs.1.50 per pair.
(f) Production during the year was type P- 40,000 pairs of which 36,000 were Sold.Type Q – 1, 20,000 pairs of which 1,00,000 were sold.
(g) Selling price was Rs. 44 for type P & Rs.28 for type Q per pair.

2\. What is meant by inter process profits? What various purposes are served by it?

3\. A certain product passes through three processes before it is transferred to finished stock. The following is obtained for the month of December:

	PROCESS – I	PROCESS – II	PROCESS – III	FINISHED STOCK - III
Opening Stock	3,000	13,000	11,000	26,000
Direct materials	15,000	22,000	40,000	---
Direct wages	10,000	12,000	50,000	---
Production over heads	11,000	24,000	24,000	---
Closing stock	5,000	6,000	32,000	33,000
Profit % on transfer price. To the next process	20%	25%	10%	---
Inter process profits for Opening stock --	2,000	2,500	10,000	---

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Stock in process are valued at prime cost & finished stock has been valued at the price at which it received from process – III . Sales during the period were Rs. 8,00,000 . Prepare process accounts showing profit element at each stage.

4. Explain the techniques of marginal costing & state its importance in decision Making ?

i) Explain Zero base budgeting & master budget ?

ii) For production of 10,000 electrical irons, the following budgeted expenses are given.

	Per kg (Rs)
Direct materials	60
Direct labour	30
Variable over head	25
Fixed over head – (1,50,000)	15
Variable expenses (direct)	15
Admin expenses (Rs. 50,000 Rigid for all level of production)	5
Distribution expenses (20% fixed)	5
Total cost of sales	160

Prepare a budget for production of 6,000, 7,000 & 8,000 irons showing distinctly Marginal cost & total cost.

6. i) Define standard costing. In what type of industries is standard costing employed?

ii) The standard cost of a certain chemical mixture AB is:
40% material A at Rs. 400 per kg
60% material B at Rs. 600 per kg
A standard loss of 10% is anticipated in production. The following particulars are Available for month of December: 180 kg of material. A has been used at Rs. 360 per kg, 220 kg of material B has been used at Rs.680 per kg. The actual production of AB is 369 kgs

Calculate (a) Material cost variance (b) Material price variance
(c) Material usage variance (d) Material mix variance

7. Explain the meaning of inter firm comparison & its relation with uniform costing?

8. Define marginal costing? Its application in terms of cost control & profit?

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