

CODE NO: R5-31/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

- 1.a) What is costing system? Discuss its objective and functions. Discuss the advantages of good costing systems.
- b) Differentiate between cost accounting and management accounting.
- 2.a) Distinguish between financial audit and management audit.
- b) What are the different methods of classifying overheads? Indicate the advantages of classifying overheads on the basis of variability.
- 3.a) How will you deal with normal wastage, Abnormal wastage and abnormal effectives in process cost accounts? Explain the effect of each of them on the cost of manufacturing one unit.
- b) Differentiate between standard costing and Budgetary control.
4. The following data have been extracted from the books of M/S moonshine Industries Ltd for the calendar year 2008.

Particulars	Amount in Rs.
Opening stores of Raw-material	25000
Purchase of Raw-material	85000
Closing stocks of Raw-material	40000
Carriage inward	5000
Wages-Direct	75000
Wages-Indirect	10000
Other direct-charges	15000
Rent and Rates-Factory	5000
-office	500
Indirect-consumption of material	500
Depreciation-plant	1500
-office furniture	100
Salary-office	2500
Salesman	2000
Other factory expenses	5700
Other office expenses	900
Managing Directors remuneration	12000
Other selling expenses	1000
Traveling expenses of salesman	1100
Carriage and freight outward	1000
Sales	250000
Advance tax paid	15000
Advertisement	2000

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Managing directors remuneration to be allocated Rs 4000 to factory, Rs.2000 to the office and Rs. 6000 to selling departments. From the above information prepare

(a) Prime cost (b) works cost
(c) cost of production (d) cost of sales and (e) Net profit.

5.a) The following information is extracted from the books of Harish Limited.

Year	Sales	Cost(Rs)
2005	200000	140000
2006	240000	160000

Calculate (1) BEP (2) Profit on sales of Rs.300000
(3) Sales required to earn a profit of Rs.90000 (4) Margin of safety. Verify your result wherever required. Do your calculations for the year 2005

b) The following detail were extracted from the budget for the forthcoming year:

Particulars	Amount in Rs	Amount in Rs
Sales (40000 units)		360000
Direct materials	120000	
Direct Labour	80000	
Variable overheads	40000	
Fixed overheads	100000	340000
Net Profit		20000

6. The following information relates to process 'A' for the month of April

Opening work-in-progress nil
 Units introduced into the process 15000
 Units completed and transferred to process B 10000
 Closing work-in-progress 5000 units
 Material cost incurred during the month Rs.75000
 Conversion costs (Labours and overheads) Incurred during the month Rs. 52500

Materials are introduced at the start of the process and conversion costs are incurred uniformly through out the process. The work-in-progress at the end of the month is 50% completed. You are required to compute the cost of completed production transferred to process B and the cost of W.I.P at the end of the month. Also prepare statement of cost and process cost account.

7. From the Budgeted and Actual sales for July in respect of three products given below, you are required to calculate sales variances and draw the meaningful inferences.

Products	Budgeted		Actual	
	Units	Sales Prices(Rs)	Units	Sale prices(Rs)
X	5000	5.00	5000	5.00
Y	4000	6.00	6000	6.25
Z	3000	7.00	4000	6.75
	12000		15000	

8. For the production of 2000 electric automatic irons, the following are the budgeted expenses:

Particulars	Per unit in Rs.
Direct Material	160
Direct labour	130
Fixed overhead (Rs.150000)	75
Variable expenses (direct)	115
Selling expenses (10% fixed)	25
Administrative expenses (Rs.50000 rigid for all levels)	25
Distribution Expenses	25
Variable overhead	35
	590

Prepare a budget for the production of 5000, 8000 and 9000 iron boxes, showing distinctly the marginal cost, cost per unit and the total cost.