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Roll. No:

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA (Integrated)

SEM: V - THEORY EXAMINATION (2024 - 2025)

Subject: Cost & Management Accounting

Time: 2.5 Hours Max. Marks: 60

General Instructions:

IMP: *Verify that you have received the question paper with the correct course, code, branch etc.*

1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.

2. Maximum marks for each question are indicated on right -hand side of each question.

3. Illustrate your answers with neat sketches wherever necessary.

4. Assume suitable data if necessary.

5. Preferably, write the answers in sequential order.

6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION-A 15

1. Attempt all parts:-

1-a. In marginal costing, only _____ costs are considered for product costing. (CO1,K1) 1

(a) Variable
(b) Fixed
(c) Overhead
(d) Sunk

1-b. The difference between actual cost and standard cost is called: (CO2,K1) 1

(a) Variance
(b) Budget
(c) Contribution
(d) Margin

1-c. The main purpose of a budget is to: (CO3,K2) 1

(a) Increase costs
(b) Plan and control finances
(c) Reduce taxes
(d) Track only fixed costs

1-d. Batch costing is used when products are:(CO4,K1) 1

(a) Mass-produced
(b) Produced in batches

(c) Customized for clients

(d) Produced continuously

1-e. Service costing is typically applied in: (CO5,K1) 1

(a) Manufacturing industries

(b) Production of goods

(c) Job-based industries

(d) Organizations providing services

2. Attempt all parts:-

2.a. List two advantages of marginal costing.(CO1,K1) 2

2.b. Describe the purpose of standard costing in an organization.(CO2,K2) 2

2.c. Define budget. (CO3,K2) 2

2.d. List three industries where job costing is commonly used.(CO4,K2) 2

2.e. A consultancy firm provided 100 hours of services in a month with a direct labor cost of $10,000 and overheads of $2,000. Calculate the cost per hour of service. (CO5,K3) 2

SECTION-B 15

3. Answer any three of the following:-

3-a. XYZ Ltd. has fixed costs of $100,000, a selling price per unit of $50, and variable costs per unit of $30. 5
Calculate the break-even point in units and in dollars.
If the company currently sells 3,500 units, calculate the margin of safety in units and as a percentage of sales.(CO1,K3)

3-b. Illustrate the calculation of labor rate variance and labor efficiency variance with a practical example, and explain the causes of each variance.(CO2,K2) 5

3.c. Discuss the role of budgetary control in cost control and cost reduction. Identify the ways in which effective budgeting leads to improved financial performance. (CO3,K4) 5

3.d. Explain the steps involved in the job costing process. How are costs accumulated and assigned to individual jobs? (CO4,K2) 5

3.e. Tazeen Ltd. manufactures a single product processed through three departments: Molding, Painting, and Finishing. During March 2018, 3,000 units were introduced into the Molding department. Out of these, 1,500 units were completed and transferred to the Painting department, leaving 1,500 units as work-in-progress (WIP). The Painting department received these 1,500 units, completed 1,000 units, and left 500 units as WIP. Similarly, in the Finishing department, 500 units were received, all of which were completed during the period. 5
The costs incurred in each department are as follows:
Molding: Material cost = $5,994, Labor cost = $8,004, FOH = $1,050.
Painting: Material cost = $4,002, FOH = $7,008.
Finishing: Labor cost = $4,526, FOH = $6,503.
The degree of completion for WIP is given as:

Molding: Material = 35%, Labor = 45%, FOH = 25%.
Painting: Material = 30%, FOH = 40%.
Finishing: Labor = 55%, FOH = 40%.

Tasks:

Calculate the equivalent units for materials, labor, and FOH in each department.
Determine the cost per equivalent unit for each cost component.
Compute the total cost of completed and transferred units for each department.
Calculate the cost of ending inventory in each department.(CO5,K5)

SECTION-C 30

4. Answer any one of the following:-

4-a. Discuss the uses of marginal costing in pricing, product mix, and resource allocation decisions. Provide examples.(CO1,K3) 6

4-b. Explain how a business can use cost-volume-profit analysis for forecasting and budgeting purposes. What factors must be considered? (CO1,K2) 6

5. Answer any one of the following:-

5-a. The standard material cost for a batch of products is 2,000 kg at $5 per kg. The actual material used was 2,100 kg, costing $4.80 per kg. 6
1. Calculate the material cost variance, material price variance, and material usage variance.
2. Discuss how the company might address any adverse variances. (CO2,K5)

5-b. In a manufacturing plant operating three shifts, the standard labor time is 2 hours per unit at a rate of $18 per hour. During the month, 4,000 units were produced with an actual labor cost of $145,000 over 8,500 hours. 6
1. Compute the labor rate, efficiency, and cost variances.
2. Analyze the variances with respect to shifts and provide recommendations for improving labor efficiency. (CO2,K5)

6. Answer any one of the following:-

6-a. Describe the concept of incremental budgeting. Identify the advantages and limitations of incremental budgeting, and explain how organizations can improve their budgeting process to avoid the shortcomings of incremental budgeting. (CO3,K3) 6

6-b. A company manufactures and sells a product with the following standard costs: 6
Selling Price: $50 per unit
Variable Cost: $30 per unit
Fixed Costs: $20,000 per month

During the month, the company actually sold 1,200 units, which was 100 units more than the expected sales volume of 1,100 units. The actual revenue and cost data are as follows:

Actual Sales Revenue: $60,000
Actual Variable Costs: $36,000
Actual Fixed Costs: $20,000

Tasks:

Prepare a flexible budget based on the actual sales volume of 1,200 units. (CO3,K4)

7. Answer any <u>one</u> of the following:-

7-a. A company produces 5 batches of 100 units each. The following costs were incurred: 6

Direct Materials: $8 per unit
Direct Labor: $5 per unit
Factory Overhead: $4 per unit.
Additionally, setup costs of $1,200 were incurred per batch.

Tasks:

Calculate the total cost for all 5 batches.

Determine the cost per unit for the entire production. (CO4,K4)

7-b. A batch of 200 units incurs a total production cost of $15,000. If the company 6

wants to earn a profit margin of 30%,

Tasks:

Calculate the profit per unit.

Determine the selling price per unit. (CO4,K3)

8. Answer any <u>one</u> of the following:-

8-a. XYZ Ltd. produces a product through three stages: Crushing, Blending, and Filling. At the end of March, the following data was available for the Crushing department:

Units started: 6,000
Units completed and transferred: 4,800
Units still in process: 1,200 (60% complete as to materials and 40% complete as to labor and overhead) 6

The following costs were incurred in the Crushing department:
Material cost: $10,000
Labor cost: $5,000
Factory overhead: $3,000

Tasks:

Calculate the equivalent units of production for material, labor, and overhead in the Crushing department.
Calculate the cost per equivalent unit for material, labor, and overhead.
Compute the total cost of completed units and the cost of the 1,200 units still in process.(CO5,K5)

8-b. Discuss the role of direct and indirect costs in service costing, with examples from healthcare and consulting services. (CO5,K2) 6