

ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)

I MBA II Semester Regular Examinations, June- 2018

COST AND MANAGEMENT ACCOUNTING

Time: 3 Hrs

Max. Marks: 60

Answer any Five questions  
All questions carry EQUAL marks  
Question No. 8 is Compulsory

1. “Cost accounting has become an essential tool of management.” Comment and state the steps taken while installing a costing system in a manufacturing concern. **12 M**
2. Distinguish between allocation, apportionment and absorption in connection with factory overhead expenses. **12 M**
3. What is marginal costing? Explain its applications in terms of cost control & profit? **12 M**
4. Discuss the advantages and limitations of budgetary control and also state the essentials of an effective budgetary control system. **12 M**
5. Discuss the advantages and disadvantages of Standard Costing. Explain the conditions under which Standard Costing may be adopted. Also indicate the circumstances in which their use may be misleading. **12 M**
6. A factory engaged in manufacturing plastic toys is working at 40% capacity and produces 10,000 toys per month. The present cost break up for one toy is as under.  
Material: Rs.10 Labor: Rs.3 Overheads: Rs.5 [60% fixed] **12 M**  
The selling price is Rs.20 per Toy. If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity, the selling price falls by 5% accompanied by a similar fall in the price of material. You are required to prepare a statement showing the profits/losses at 40%, 50% and 90% capacity utilizations.

7. The following information has been gathered for a **12 M** company doing jobbing work only for 2017.

	Rs.
Materials Consumed	4,00,000
Direct Labour	3,00,000
Factory Overheads	2,40,000
Office and Administrative Expenses	94,000
Sales	12,40,000

The company has to quote for a job to be undertaken in February, 2018. It is estimated that job will require materials costing Rs.30,000 and direct wages for it will be Rs.45,000. What should be the quotation?

**8. CASE STUDY: 12M**

The standard material cost to produce a ton of chemical X is given below:

- 300 kg of material A @ Rs.10 per kg
- 400 kg of material B @ Rs.5 per kg
- 500 kg of material C @ Rs.6 per kg

During a particular period, 100 tons of mixture X was produced from the usage of

- 35 tons of material A @ Rs.9, 000 per ton
- 42 tons of material B @ Rs.6, 000 per ton
- 53 tons of material C @ Rs.7, 000 per ton

Calculate material cost, price, and usage and mix variances.