

**Code No: 13MBA2013****ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)****II MBA III Semester Regular/Supplementary Examinations, November – 2016****COST & MANAGEMENT ACCOUNTING****Time: 3 Hours****Max. Marks: 60**

**Answer any FIVE questions  
All questions carry equal marks  
Question No.8 is Compulsory.**

1. Examine the extent to which the role and nature of management accountants might differ within the public and private sectors.
2. What is a job order cost sheet, and what information does it contain? How do job order cost sheets relate to control accounts for Work in Process, Finished Goods, and Cost of Goods Sold?
3. A company is at present working at 90% of its capacity, producing 18000 units per annum. It operates flexible budgetary control system. The following figures are obtained from its budget:

<i>Activity level</i>	<i>90%</i>
Units	18,000
<i>Cost Elements</i>	<i>₹</i>
Sales	15,00,000
Fixed expenses	3,00,000
Semi-fixed Expenses	98,000
Variable expenses	1,42,000

Labour and material costs per unit are constant under present condition. Profit margin is 10 percent. You are required to prepare a flexible budget for 80% and 100% levels of production.

4. Explain the differences between cost audit and management audit.
5. Define zero based budget. Explain its importance and relevance in present economic environment.
6. Discuss the importance and limitations of Standard Costing.
7. Write short notes on
  - a. Normal loss
  - b. Cash budget
  - c. Material usage variance

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8. From the following details, compute a comprehensive machine hour rate:
- a. Cost of the machine - ₹8 lakhs, having a scrap value of ₹40,000 at the end of 10 years of life.
  - b. Machine will run in two shifts of 7 hours duration for 33 working days; 200 hours will be lost for repairs, maintenance and idle time.
  - c. Other details :
    - i. Wages of two operators @ ₹5000 for each.
    - ii. Rent and rates of the machine shop accommodating four identical machines – ₹4000 per year.
    - iii. General lighting charges of the department – ₹500 per month.
    - iv. Insurance premium for the machine – ₹250 per quarter.
    - v. Cost of repairs and maintenance per machine per month – ₹2500
    - vi. Supervisor's salary – ₹5500 per month.
    - vii. Power consumption – 20 units per hour @ rate ₹1.75 per unit.
    - viii. Other factory overheads – ₹13000 p.a.

There are four machines in the department and the supervisor devotes one-fifth of his time for each machine.