

**MBA – INTEGRATED  
(SEM V) THEORY EXAMINATION 2022-23  
COST ACCOUNTING**

Time: 3 Hours

Total Marks: 100

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

## SECTION A

1. Attempt *all* questions in brief. 2 x 10 = 20
- (a) What are the objectives of Cost Accounting?
  - (b) Name the method of Labor Turnover.
  - (c) Define Job Costing and where it is applied?
  - (d) Define Perpetual Inventory System with its two features.
  - (e) Given fixed exp-20,000, variable exp of 10,000 units and 15,000 units are Rs. 30,000 and Rs.45,000 respectively. Determine Different cost and Different cost per unit.
  - (f) What is the need of Standard Costing?
  - (g) What is Controllable overhead variance?
  - (h) What are the supportive activities of the Value Chain Model?
  - (i) Why is Uniform costing implemented?
  - (j) What time period does Life-Cycle Costing for a product Cover?

## SECTION B

2. Attempt any *three* of the following 10 x 3 = 30
- (a) Discuss the area of activity in respect of cost accounting records are to be maintained. Narrate the objectives of cost accounting.
  - (b) Before you choose weighted average cost as your method of choice, be sure to familiarize yourself with the three additional types of Inventory valuation methods." Elucidate.
  - (c) State how you would ascertain the actual profit on an incomplete contract? How far such profit is taken to Profit & Loss account?
  - (d) "The direct material quantity variance is the difference between the actual quantity and the standard quantity of materials multiplied by the actual price." Elucidate this statement.
  - (e) A division of a company earns a profit of Rs. 1,00,000 for an investment of Rs. 4,00,000. There is an opportunity to make an additional investment of Rs. 2,00,000 which earns an annual income of Rs 40,000. You are required to calculate residual income if the company requires a minimum return of 15 per cent on its investment and comment.

## SECTION C

3. Attempt any *one* part of the following: 10 x 1 = 10
- (a) "The ABC analysis method of inventory allows them to focus on essential products and monitor their pricing." Elucidate with an example.
  - (b) What factors would you consider for determining the Overhead Absorption rate? Explain the causes of over and under absorption of overheads.

4. Attempt any *one* part of the following:

10 x 1 = 10

- (a) "Standard costing value analysis template is a great tool to help you track performance against your company's pre-set standards. This will help you identify the areas that need further analysis and potential issues in the production process." Elucidate

- (b) The following data pertains to a company's first week of operations in June 2021:

**Materials:**

Actual purchased= 1500 units @ 3.80per units

Actual usage= 1350 units @ 4.00 per units

Standard usage= 1020 units @ 4.00 per units

**Direct Labour:**

Actual Hours=310 hours @ 12.10 per hours

Standard Hours= 340 hours @ 12.00 per hour

Required: Compare the following variances to determine whether they are favorable or unfavorable (a) Material purchase price variance and quantity variance (b) Labor rate efficiency variance.

5. Attempt any *one* part of the following:

10 x 1 = 10

- (a) The following data have been extracted from the books of Mr.Adarsh industry Ltd. For the calendar year 2022. <https://www.aktuonline.com> Managing Director's remuneration is to be allocated in the Ratio of 2:1:3for factory, office, and sales department respectively. From the given information prepare the different phases of cost and net profit.

Particulars	Rs.
Opening stock of raw materials	25,000
Purchase of raw materials	85,000
Closing stock of raw materials	40,000
Carriage inwards	5,000
Wages: Direct	75,000
Indirect	10,000
Other direct charges	15,000
Rent and rates: Factory	5,000
Office	500
Indirect consumption of materials	500
Depreciations: Plant	1,500
Office Furniture	400
Salary: Office	2,500
Salesman	2,000
Other factory exp.	5,700
Other office exp.	700
Managing Director's remuneration	12,000
Other selling exp.	1,000
Travelling exp of salesman	1,100
Carriage and freight outward	1,400
Sales	2,50,000
Advance income tax paid	15,000
Advertisement	2,000

- (b) "Under what circumstances, an enterprise needs to reconcile of Cost account and Financial Accounts? State the reasons for which profit from Cost accounting and that of financial accounting do not tally." Elucidate.

6. Attempt any *one* part of the following:

10 x 1 = 10

- (a) Assuming that the rated capacity of the factory is 50,000 units what should be the most profitable level of output?

	Output up to 25,000 units Rs.	Output up to 40,000 units Rs.	Output up to 50,000 units Rs.
Fixed Cost	25,000	35,000	40,000
Variable cost per unit	2	2	1.90
Salesrevenue per unit	4	3.50	3.20

- (b) A company is at present working at 90% of its capacity and producing 13,500 units per annum. It operates a flexible budgetary control system.

The following figures are obtained from its budget:

	90% (Rs.)	100% (Rs.)
Sales	15,00,000	16,00,000
Fixed exp	3,00,500	3,00,500
Semi-fixed exp	97,500	1,00,500
Variable exp.	1,45,000	1,49,500
Units made	13,500	15,000

Labor and materials cost per unit are constant under present conditions. Profit margin is 10 per cent.

- (a) You are required to determine the differential cost of producing 1,500 units by increasing capacity to 100 per cent.  
(b) What would you recommend for an export price for these 1,500 units taking into account that overseas prices are much lower than indigenous prices.

7. Attempt any *one* part of the following:

10 x 1 = 10

- (a) Apply Activity Based costing method to marketing & administrative services. Give an example.  
(b) What is Uniform Costing? Write its various contents. Can you explain what are the pre-requisites for successful implementation of Uniform Costing?

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