

**Code: 17E00304**

**MBA III Semester Regular Examinations November/December 2018**

**COST & MANAGEMENT ACCOUNTING**

(For students admitted in 2017 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION – A**

(Answer the following: (05 X 10 = 50 Marks))

- 1 (a) Explain the types of costs in cost accounting.  
(b) What is meant by cost accounting? How does cost accounting differ in technique and procedure from financial accounting?

**OR**

- 2 (a) Write a brief note on evolution of cost accounting.  
(b) What is the need for costing and installation of a costing system?
- 3 (a) What type of costs are normally included in material costs? Give examples.  
(b) Define re-ordering level and explain its operation to maximum and minimum stock levels. What factors must be considered in fixing recording levels and quantities.

**OR**

- 4 The economic base for using the square root formula is that of maximizing profit through keeping ordering and carrying costs to a minimum. Develop the formula for economic order quantity.
- 5 (a) What is time keeping? Explain the methods of time – keeping.  
(b) Explain job evaluation and merit rating.

**OR**

- 6 Explain the meaning and objectives of overhead cost. Explain briefly the meaning of the terms of fixed, semi-fixed and variable overhead costs giving suitable examples.
- 7 (a) What is normal loss? How is it treated in cost accounts?  
(b) Give the main objects of inter-process profit.  
(c) What do you understand by equivalent production?

**OR**

- 8 Distinguish between marginal costing and absorption costing. What are the different applications of marginal costing?
- 9 Discuss the importance of zero based budget in the light of present day financial crises.
- 10 Explain the meaning of inter firm comparison and its relation with uniform costing.

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**PART – B**

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case study:**

A department of company X attains sales of Rs. 6,00,000 at 80% of its normal capacity and its expenses are as follows:

**Administration costs:**

Office salaries	Rs. 90,000
General expenses	2% of sales
Depreciation	Rs. 7,500
Rates and taxes	Rs. 8,750

**Selling costs:**

Salaries	8% of sales
Travelling expenses	2% of sales
Sales office	1% of sales
General expenses	15% of sales

**Distribution costs:**

Wages	Rs. 15,000
Rent	1% of sales
Other expenses	4% of sales

Draw up flexible administration and selling and distribution costs budget, operating at 90%, 100% and 110% of normal capacity.

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