



School: School of Business and Law
 Program/s: MBA
 Year: 1st Semester: 2nd
 Examination: End Semester Examination
 Examination year: May 2023

Course Code: OP102 Course Name: Cost and Management Accounting

Date: 23/05/2023

Time: 10:00 am to 12:00 am

Total Marks: 40

Total Pages: 2

Instructions:

- Write each answer on a new page.
- Use of a calculator is permitted/not permitted.
- * COs=Course Outcome mapping. # BTL=Bloom's Taxonomy Level mapping

| Q. No. | Details | | | | | | Marks | COs* | BTL# | | |
|--------|--|---------|------------------------------------|------------------------|-----------|---------------------|--------|----------|-------------|---------------------|--|
| Q.1 | 1. Explain any six types of costs. 2. Explain difference between cost control and cost reduction. 3. Which type of cost can be attributed to the cost object in an economical way? Explain. 4. Inventory consigned to essential category is categorized according to which method? 5. What is periodical stock verification? | | | | | | 10 | CO1 | BT1, BT2 | | |
| Q.2 | Indirect costs | Costs £ | Apportionment basis | Production departments | | Service departments | | Totals | 10 | | |
| | | | | Assembly | Finishing | Maintce. | Admin. | | | | |
| | Factory manager | 35,000 | No. of employees | 15 | 10 | 5 | 5 | 35 | | | |
| | Foremen | 70,000 | No. of employees | 15 | 10 | 5 | 5 | 35 | | | |
| | Indirect wages | 56,000 | Allocation | £37,500 | £16,250 | £8,000 | £8,000 | £56,000 | | | |
| | Depreciation | 25,000 | Book values of plant and machinery | £200,000 | £30,000 | £20,000 | | £250,000 | | | |
| | Heating | 15,000 | Floor area (sq. metres) | 50 | 50 | 20 | 30 | 150 | | | |
| | Power | 8,000 | Number of machines | 6 | 1 | 1 | | 8 | CO2, CO4 | BT1, BT3, BT4 | |
| | Factory rent | 7,500 | Floor area (sq. metres) | 50 | 50 | 20 | 30 | 150 | | | |
| | Service departments | | Equally to each production dept. | | | | | | | | |
| | Total | 216,500 | | | | | | | | | |
| | Answer the following: | | | | | | | | | | |
| | 1. Suppose a company manufactures a product and has the following data: (2 marks) | | | | | | | | | | |
| | Selling price per unit: \$100 | | | | | | | | | | |
| | Variable cost per unit: \$60 | | | | | | | | | | |
| | Fixed costs: \$50,000 per month | | | | | | | | | | |

| | <p>Calculate the PV ratio for the company and determine the breakeven point in units and dollars.</p> <p>2. Suppose a company manufactures a product and has the following data: (3 marks)</p> <p>Annual demand for the product: 10,000 units Ordering cost per order: \$200 Carrying cost per unit per year: \$5 Cost per unit: \$50</p> <p>Calculate the EOQ for the company and the total cost of inventory management.</p> <p>3. Apportion the cost as per given: (5 marks)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|--|------------|---------------------|-------------|-------------------|-------------------------|-------|--------|----|--------------------------|-------|--------|----|---------------------------|----|----|-------|-----------------------|-------|--------|----|------------------------|----|----|-------|----|-------------|---------------------|
| Q.3 | <p>1. How is cost system installed? OR</p> <p>State and explain the difference between Financial Accounting and cost accounting</p> <p>2. Explain budgeting and types of budgets in detail.</p> | 10 | CO3 | BT3, BT4 | | | | | | | | | | | | | | | | | | | | | | | | |
| Q.4 | <p>1) The following receipts and issues were made of a new item of stores:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Receipts (units)</th> <th style="text-align: center;">Cost (Rs.)</th> <th style="text-align: center;">Issues (units)</th> </tr> </thead> <tbody> <tr> <td>1st January</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">--</td> </tr> <tr> <td>1st February</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">--</td> </tr> <tr> <td>28th February</td> <td style="text-align: center;">--</td> <td style="text-align: center;">--</td> <td style="text-align: center;">1,200</td> </tr> <tr> <td>1st March</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">18,000</td> <td style="text-align: center;">--</td> </tr> <tr> <td>31st March</td> <td style="text-align: center;">--</td> <td style="text-align: center;">--</td> <td style="text-align: center;">1,200</td> </tr> </tbody> </table> <p>Tabulate the values of:</p> <p>i) Issue made on 28 February ii) Resulting stock on 28 February iii) Issue made on 31st March iv) Resulting stock on 31st March</p> <p>according to:</p> <p>a) LIFO basis b) FIFO basis c) Weighted average cost basis</p> | | Receipts (units) | Cost (Rs.) | Issues (units) | 1 st January | 1,000 | 15,000 | -- | 1 st February | 1,000 | 12,000 | -- | 28 th February | -- | -- | 1,200 | 1 st March | 1,000 | 18,000 | -- | 31 st March | -- | -- | 1,200 | 10 | CO2, CO4 | BT2, BT3, BT4 |
| | Receipts (units) | Cost (Rs.) | Issues (units) | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 st January | 1,000 | 15,000 | -- | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 st February | 1,000 | 12,000 | -- | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28 th February | -- | -- | 1,200 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 st March | 1,000 | 18,000 | -- | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 st March | -- | -- | 1,200 | | | | | | | | | | | | | | | | | | | | | | | | | |

*****End of Question Paper*****