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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

BBA

SEM: II - THEORY EXAMINATION (20 - 20.....)

Subject: Cost & Management Accounting

Time: 2.5 Hours

Max. Marks: 60

General Instructions:*IMP: Verify that you have received the question paper with the correct course, code, branch etc.**1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.**2. Maximum marks for each question are indicated on right -hand side of each question.**3. Illustrate your answers with neat sketches wherever necessary.**4. Assume suitable data if necessary.**5. Preferably, write the answers in sequential order.**6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.***SECTION-A**

15

1. Attempt all parts:-

- 1-a. In marginal costing, only _____ costs are considered for product costing. (CO1, K1) 1
- (a) Variable
- (b) Fixed
- (c) Overhead
- (d) Sunk
- 1-b. Standard costing is primarily used to: (CO2, K2) 1
- (a) Determine actual costs
- (b) Control costs
- (c) Increase fixed costs
- (d) Calculate sales price
- 1-c. The main purpose of a budget is to: (CO3, K1) 1
- (a) Increase costs
- (b) Plan and control finances
- (c) Reduce taxes
- (d) Track only fixed costs
- 1-d. Job costing is most suitable for: (CO4, K1) 1
- (a) Mass production industries
- (b) Continuous process industries

- (c) Customized orders
- (d) Standardized products
- 1-e. Process costing is most suitable for industries where production is: (CO5, K2) 1
 - (a) Continuous and homogeneous
 - (b) Based on specific jobs
 - (c) Custom-made
 - (d) Intermittent
- 2. Attempt all parts:-
- 2.a. Define absorption costing. (CO1, K1) 2
- 2.b. Define standard costing. (CO2, K1) 2
- 2.c. Define budget. (CO3, K1) 2
- 2.d. List three industries where job costing is commonly used. (CO4, K1) 2
- 2.e. Mention the primary difference between job costing and process costing. (CO5, K4) 2

SECTION-B 15

3. Answer any three of the following:-

- 3-a. Explain the concept of over- and under-absorption of overheads in absorption costing. (CO1, K2) 5
- 3-b. A company's standard cost for one unit of product requires 4 kg of raw material at a standard price of \$12 per kg. During a month, 2,000 units were produced, using 8,400 kg of material at a cost of \$11 per kg. (CO2, K3) 5
 - 1. Calculate the material cost variance, material price variance, and material usage variance.
 - 2. Provide a brief interpretation of each variance result.
- 3.c. Discuss the different types of budgets used in budgetary control. Explain the role of a master budget in the overall budgetary control process. (CO3, K2) 5
- 3.d. Define job costing and discuss its main features, advantages, and limitations. Provide examples of industries where job costing is most applicable. (CO4, K2) 5
- 3.e. A cleaning service company, Clean Co, provided 600 cleaning sessions for residential homes during the month of June. The direct labor cost incurred was \$12,000, and the overhead costs (including cleaning supplies, transportation, and insurance) totaled \$3,000. Each cleaning session required \$10 worth of cleaning supplies. (CO5, K3) 5

Tasks:

- 1. Calculate the total service cost for the month.
- 2. Determine the cost per cleaning session, including the direct labor and overheads.

SECTION-C 30

4. Answer any one of the following:-

- 4-a. Describe the significance of contribution margin ratio and its use in analyzing a company's financial performance. (CO1, K2)) 6
- 4-b. Evaluate the impact of choosing marginal costing versus absorption costing on a company's tax obligations and financial reporting. (CO1, K5) 6

5. Answer any one of the following:-

- 5-a. A company manufactures two products, A and B. For product A, the standard material cost is 4 kg at \$10 per kg, and labor cost is 3 hours at \$12 per hour. For product B, the standard material cost is 5 kg at \$8 per kg, and labor cost is 2 hours at \$15 per hour. In a given month, the company produced 500 units of A and 700 units of B, using 3,500 kg of material at \$9 per kg and 3,800 labor hours at a rate of \$14 per hour. Calculate the total material and labor variances, including all relevant sub-variances. (CO2, K3) 6
- 5-b. The standard labor rate for a product is \$16 per hour, and the standard time allowed is 500 hours for a particular production run. Actual hours worked totaled 520, with a total labor cost of \$8,320. (CO2, K4) 6
1. Determine the labor cost variance, labor rate variance, and labor efficiency variance.
2. Interpret the results and suggest actions to improve efficiency.

6. Answer any one of the following:-

- 6-a. Describe the importance of budget revisions in a changing business environment. Explain the process for revising budgets when new information becomes available. (CO3, K2) 6
- 6-b. A company manufactures and sells a product with the following standard costs: (CO3, K3) 6

Selling Price: \$50 per unit
Variable Cost: \$30 per unit
Fixed Costs: \$20,000 per month

During the month, the company actually sold 1,200 units, which was 100 units more than the expected sales volume of 1,100 units. The actual revenue and cost data are as follows:

Actual Sales Revenue: \$60,000
Actual Variable Costs: \$36,000
Actual Fixed Costs: \$20,000

Tasks:

Prepare a flexible budget based on the actual sales volume of 1,200 units.

7. Answer any one of the following:-

- 7-a. A company produces 5 batches of 100 units each. The following costs were incurred: (CO4, K3) 6

Direct Materials: \$8 per unit

Direct Labor: \$5 per unit

Factory Overhead: \$4 per unit.

Additionally, setup costs of \$1,200 were incurred per batch.

Tasks:

1. Calculate the total cost for all 5 batches.

2. Determine the cost per unit for the entire production.

7-b. Explain the challenges in implementing a job costing system in a highly automated manufacturing environment. (CO4, K2) 6

8. Answer any one of the following:-

8-a. LMN Ltd. produces a product in two stages: Processing and Finishing. The following data relates to the Processing department for the month of May: (CO5, K3) 6

Units started: 12,000

Units completed and transferred: 9,000

Units in process: 3,000 (40% complete for materials, 20% complete for labor and overhead)

The costs incurred in the Processing department are:

Material cost: \$18,000

Labor cost: \$7,000

Factory overhead: \$5,000

Tasks:

Calculate the equivalent units for materials, labor, and overhead in the Processing department.

8-b. Discuss the challenges of implementing service costing in non-profit organizations and propose solutions. (CO5, K2) 6