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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA (Integrated)

SEM: V - THEORY EXAMINATION (2024- 2025)

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. Contribution margin is calculated as: (CO1,K1)

1

- (a) Fixed cost – Sales
- (b) Sales – Fixed cost
- (c) Sales – Variable cost
- (d) Sales + Fixed cost

1-b. _____ of the following is an example of a fixed overhead variance.(CO2,K1)

1

- (a) Fixed overhead spending
- (b) Labor efficiency
- (c) Sales volume variance
- (d) Material price variance

1-c. A flexible budget adjusts based on: (CO3,K1)

1

- (a) Fixed costs
- (b) Cash flow
- (c) Activity levels
- (d) Expected profits

1-d. In job costing, overheads are usually applied based on:(CO4,K1)

1

- (a) Units produced
- (b) Predetermined rates

- (c) Total batch costs
- (d) Standard costs
- 1-e. In process costing, the output of one process often becomes the: (CO5,K2) 1
 - (a) Input for the next process
 - (b) Final product
 - (c) Overhead
 - (d) Direct cost
- 2. Attempt all parts:-
- 2.a. Describe how fixed costs are treated in marginal costing.(CO1,K2) 2
- 2.b. List the components of material cost variance. (CO2,K2) 2
- 2.c. Find two differences between fixed budget and flexible budget.(CO3,K2) 2
- 2.d. Discuss the significance of setup costs in batch costing. (CO4,K2) 2
- 2.e. Define composite cost unit in service costing. (CO5,K2) 2

SECTION-B

15

3. Answer any three of the following:-

- 3-a. ABC Corp. has fixed costs of \$60,000. The product has a selling price of \$40 per unit and a variable cost of \$25 per unit. 5

Calculate the contribution margin ratio.

Determine the sales required in units and in dollars to achieve a target profit of \$30,000.(CO1,K3)
- 3-b. The standard time for producing one unit of product is 3 hours at a rate of \$15 per hour. For the production of 1,200 units, the actual labor hours worked were 3,800, and the actual cost incurred was \$55,000. 5
 - 1. Determine the labor cost variance, labor rate variance, and labor efficiency variance.
 - 2. Comment on the significance of each variance. (CO2,K4)
- 3.c. Explain the difference between long-term and short-term budgets. Discuss how these budgets complement each other in the overall budgetary control process. 5

(CO3,K3)
- 3.d. A company works on three jobs: X, Y, and Z. The costs incurred are: 5

Particulars	Job X	Job Y	Job Z
Direct Materials (\$)	3,000	4,000	5,000
Direct Labor (\$)	2,000	3,500	4,500

Factory overhead is applied at 150% of direct labor cost.

Tasks:

Calculate the total cost of each job.

If each job is priced at a profit margin of 20%, determine the selling price for each. (CO4,K4)

- 3.e. Discuss how service costing is applied in a hospital? Prepare a cost sheet showing patient-day costs. (CO5,K3) 5

SECTION-C 30

4. Answer any one of the following:-

- 4-a. Describe the effect of changes in variable costs on contribution margin, break-even point, and overall profitability. (CO1,K3) 6
- 4-b. Illustrate the calculation and interpretation of contribution per unit, using examples. How can this metric aid in decision-making?(CO1,K3) 6

5. Answer any one of the following:-

- 5-a. The standard cost of material for a product is 8 kg at \$9 per kg, and labor is 3 hours at \$20 per hour. During the month, 2,000 units were produced using 16,500 kg of material at \$8.50 per kg and 6,400 labor hours at \$21 per hour. 6
1. Calculate the material price, usage, and cost variances, along with the labor rate, efficiency, and cost variances.
2. Compare the total variance against the budgeted cost for the production and analyze the reasons for the discrepancies. (CO2,K4)
- 5-b. A company expects a yield of 900 units for every 1,000 kg of material input at a standard cost of \$6 per kg. During a specific period, the company produced 880 units using 1,000 kg of material costing \$6.20 per kg. 6
1. Calculate the material cost variance, material yield variance, and material price variance.
2. Comment on how yield variance affects overall production cost and efficiency. (CO2,K4)

6. Answer any one of the following:-

- 6-a. Explain the relationship between budgetary control and strategic planning. Discuss how long-term strategic planning and annual budgeting are related in organizations. (CO3,K3) 6
- 6-b. A company has the following standard cost for its production of 1,000 units: 6

Direct Material Cost: \$5 per unit
Direct Labor Cost: \$8 per unit
Factory Overhead (Variable): \$3 per unit
Factory Overhead (Fixed): \$6,000 per month

In the current month, the company produced and sold 1,200 units. The actual costs incurred for producing 1,200 units are:

Actual Direct Material Cost: \$6,000
Actual Direct Labor Cost: \$9,600
Actual Factory Overhead (Variable): \$3,800
Actual Fixed Factory Overhead: \$6,200

Tasks:

Prepare a flexible budget for 1,000 units. (CO3,K4)

7. Answer any one of the following:-

7-a. A company produces two batches: Batch A (100 units) and Batch B (300 units). 6

The costs are as follows:

Particulars Batch A Batch B

Direct Materials (\$) 2,000 4,500

Direct Labor (\$) 1,000 2,000

Factory Overhead (\$) 1,500 3,000

Setup Costs (\$) 500 1,000

Tasks:

Calculate the total cost and cost per unit for each batch.

Compare the cost per unit between the two batches and explain the effect of economies of scale. (CO4,K4)

7-b. Discuss the significance of job costing in service industries such as consulting, construction, and custom software development. (CO4,K3) 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: 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.

Calculate the cost per equivalent unit for each type of cost.

Determine the total cost of the 9,000 units transferred to the next department and the cost of the 3,000 units still in process. (CO5,K5)

8-b. Prepare a comprehensive cost sheet for a hotel, including room occupancy, meal services, and other amenities. (CO5,K3) 6