

**MASTER OF BUSINESS ADMINISTRATION  
SECOND SEMESTER  
COST AND MANAGEMENT ACCOUNTING  
MBA-203**

Duration : 3 hrs.

Full Marks: 70

**( PART-A: Objective )**

Time : 20 min.

Marks : 20

*Choose the correct answer from the following:*

1X20=20

1. Management accounting deals with what kind of information
  - a. Qualitative
  - b. Both a & b
  - c. Quantitative
  - d. None of the above
2. Management accounting provides valuable services to management in performing
  - a. Coordinating
  - b. Planning
  - c. Controlling
  - d. All of the above
3. Which of the following are tools of management accounting
  - a. Standard costing
  - b. Budget and budgetary control
  - c. Marginal costing
  - d. All of the above
4. Management accounting is a structure for
  - a. Cost accounting
  - b. Decision making
  - c. Financial accounting
  - d. Budgeting
5. Cost Accounting is an \_\_\_\_\_ reporting system.
  - a. External
  - b. Government
  - c. Financial
  - d. Internal
6. Which of the following is true for Inventory control?
  - a. Economic order quantity has minimum total cost per order
  - b. Inventory carrying costs increases with quantity per order
  - c. Ordering cost decreases with lo size
  - d. All of the above
7. The cost of insurance and taxes are included in
  - a. Cost of ordering
  - b. Set up cost
  - c. Inventory carrying cost
  - d. Cost of shortages
8. Which of the following is not an inventory?
  - a. Machines
  - b. Raw material
  - c. Finished products
  - d. Consumables
9. The following classes of costs are usually involved in inventory decisions except
  - a. Cost of ordering
  - b. Carrying cost
  - c. Cost of shortages
  - d. Machining cost

10. The difference between total revenue and total variable cost is known as \_\_\_\_\_
- a. Contribution margin  
b. Gross margin  
c. Fixed margin  
d. None of the above
11. Marginal costs is taken as equal to
- a. Prime Cost plus all variable overhead  
b. Prime Cost minus all variable overheads  
c. Variable overhead  
d. None of the above
12. Which cost is more useful for making decision
- a. Marginal cost  
b. Variable cost  
c. Opportunity cost  
d. None of the above
13. Difference between standard cost and actual cost is known as
- a. Variance  
b. Standard cost  
c. Profit  
d. Loss
14. Which of the following is the advantage of standard costing
- a. Promoting and measuring efficiency  
b. Controlling and reduction cost  
c. Helps in fixing selling price  
d. All of the above
15. CIMA Stands of : .....
- a. Chartered Institute of Management Accountants  
b. Common Institute of Management Accountants  
c. Chartered International of Management Accountants  
d. None of the above
16. A budget is an instrument of management used as an aid in the \_\_\_\_\_
- a. Planning  
b. Controlling business activities  
c. Programming  
d. All of the above
17. Budget includes \_\_\_\_\_
- a. Income  
b. Expenditure  
c. Employment of capital  
d. All of the above
18. Budget should be \_\_\_\_\_
- a. Rigid  
b. Both a & b  
c. Flexible  
d. None of the above
19. Marginal costing technique helps management in taking decision regarding
- a. Price of the product  
b. Make or buy decision  
c. To accept order at low price  
d. All of the above
20. Standard costing is a technique of \_\_\_\_\_
- a. Basic business activities  
b. Staffing  
c. Cost control  
d. Directing

( PART-B : Descriptive )

Time: 2 HRS 40 MINS

Marks : 50

[ Answer question no.(1) & any four (4) from the rest ]

1. a) What are the functional classification of cost. Explain. 5+5=10  
b) Write down the difference between Financial Accounting and Cost Accounting.
2. Calculate factory cost from the following: 10

PARTICULAR	AMOUNT
Material consumed	50000
Productive wages	20000
Direct Expenses	5000
Consumable stores	2000
Oil grease & lubricants	5000
Salary of factory manager	6000
Unproductive wages	1000
Factory rent	2000
Repair of machine	600

3. a) Explain the importance of ABC analysis for management of inventory in an organization. 5+5=10  
b) Write short notes on EOQ (Economic order quantity)
4. Calculate the total earning of Worker A and Worker B under 10  
i) Halsey plan  
ii) Rowan Plan

Time allowed = 24 hours  
Hourly Rate = 8 Per hour  
Time taken by A = 20 hours  
Time taken by B = 18 hours

5. a) Differentiate between marginal costing and Absorption costing 5+5=10  
b) Explain BEP with the help of example
6. Variable cost – 600,000 10  
Fixed Cost – 300,000  
Profit – 200,000  
Sales – 10,00,000  
Find out-  
a) P/V Ratio  
b) BEP (Break even point)  
c) Profit when sales amount is 1200,000  
d) Sales required to earn a profit of 20,00,000  
e) Margin of safety.
7. Explain the concept of Budget and explain the advantages and disadvantages of budgetary control 10
8. Manufacturing concern which has adopted standard costing 10  
furnished the following information:  
1) Standard Material for 70kg finishes goods = 100kg  
2) Standard priced of Material = 1Rs  
3) Actual Output = 210,000  
4) Material Used = 2,80,000  
5) Cost of Material = 2,52,000  
Calculate :  
1) Material Usage Variance  
2) Material Price Variance

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