JAMNALAL BAJAJ INSTITUTE OF MANAGEMENT STUDIES

MMM FIRST YEAR BATCH- I & BATCH- II

COST MANAGEMENT AND MANAGEMENT CONTROL

DATE: 23/10/2013 TIMING: 2.30 to 5.30 p.m. MAX MARKS: 100

ATTEMPT ANY FIVE QUESTIONS ALL CARRY EQUAL MARKS :

Q.1) Define the following:

(i) Price (ii) Cost Centre (iii) Profit Centre (iv) Investment Centre

(v) Revenue Centre (vi) Direct Cost (vii) Indirect Cost

(viii) Prime Cost (ix) Overheads (x) Controllable Cost

Q.2) (a) Distinguish between FIFO and LIFO. Give examples.

(b) From the following transactions extracted from the books of accounts of a manufacturing concern as on 31st December 2012 work out (a) Consumption value of raw materials in the month and (b) Value of closing stock as on 31st December 2012 under (i) FIFO (ii) LIFO.

		Qtv	Rate per unit
Dec. 1	Opening Stock	300	9.70
Dec.3	Purchases	250	9.80
Dec.11	Issues	400	
Dec.15	Purchases	300	10.05
Dec.20	Issues	210	
Dec.25	Purchases	150	10.30
Dec.29	Issues	100	

Q.3) (a) Explain allocation appointment and absorption of overheads. What is primary and secondary distribution of overheads?

(b) The monthly budget of a department is as under.

Direct material Rupees 45,000.

Direct wages Rupees 60,000.

Overheads Rupees 90,000.

Direct labour hours Rupees 15,000.

Machine Hours Rupees 30,000.

Find out the overhead recovery rate based on at least five different possible methods of absorption of overheads.

Q.4) (a) Distinguish between Job Costing and Process Costing. Explain the features of Job Costing and process costing.

(b) ABC Ltd. is producing the product 'P' required to be processed in 3 continuous process. They have laid down the standards to produce 75 litres of finished product as under.

	Process		
	1	2	3
Raw materials(litres)	100	-	-
Mat Cost per litre	2	-	-
Waste percentage on Input	10	11.11	6.25
Direct labour hours (hrs)	6	10	8
Waste rate per hour(Rupees) labour	7.5	10	12.50
Overhead Rate per labour hour (Rupees)	3.5	3	8
Sale price	-	-	9

Prepare the Process accounts.

Q.5) (a) Define Marginal Cost and Marginal Costing. Explain the features of Marginal Costing.

(b) The following information is obtained from ABC ltd. producing Product X and Y.

	X	Y
Selling Price	200	128
Direct Materials	80	80
Direct labour (Rupees 5 per hour)	12hrs	4hrs
Fixed overhead (Rupees)	8000	

Present the above information to show the profitably of products during labour shortage.

Q.6) (a) Define Budget and Budgetary Control.

(b) Write a note on Breakeven Analysis.

Q.7) Write short notes on: (Any 4)

(a) Elements of Cost.

(b) Functional Classification of Cost.

(c) Fixed Cost and Variable Cost.

(d) Sunk Cost.

(e) Standard Costing.

UNIVERSITY OF MUMBAI

JAMNALAL BAJAJ INSTITUTE OF MANAGEMENT STUDIES

MFM/MMM/MHRDM/MIM – I

02-11-2012

Cost Management and Management Control

ATTEMPT ANY 5 QUESTIONS, ALL CARRY EQUAL MARKS.

MAX. MARKS – 100 **TIME - 3 HOURS**

Q.1. Explain the following Terms.

(a) Price (b) Cost (c) Factory Cost
(d) Profit Centre (e) Cost of Goods sold (f) Investment Cost
(g) Direct Cost (h) Indirect Cost (i) Fixed Cost
(j) Variable Cost

Q.2. A manufacturing Company has the following material transactions during the month of September.

Date	Particulars	Quantity	Rate
September, 1	Opening Stock	300	9.70
September, 5	Purchase	250	9.80
September, 9	Issues	400	9.80
September, 14	Purchase	300	10.00
September, 16	Issues	200	10.00
September, 25	Purchase	150	10.50
September, 26	Issues	150	10.50

Work at the Consumption Value of the material and Closing Stock as on 30th September under (i) FIFO (ii) LIFO (iii) AVERAGE COST (iv) WEIGHTED AVERAGE COST

Q.3. A Company annually manufactures and sells 20000 units of a product, the selling price of which is Rs. 50 and profit earned is Rs. 10 per unit. The analysis of cost of 20000 units is:

Material Cost	Rs.3,00,000/-
Labour Cost	Rs.1,00,000/-
Overheads	Rs.4,00,000/- (60% variables)

You are required to compute:

(i) Break-even sales in units and in Rupees
(ii) Sales to earn a profit of Rs.2,00,000/-
(iii) Profit when 25000 units are sold @ Rs.54.

Q.4. In a Purely Competitive market 10,000 unit of a product can be manufactured and sold and certain amount of profit is generated. It is estimated that 2,000 units of that product need to be manufactured and sold in a monopoly market to earn the same profit.
Profit under both the market conditions is targeted at Rs. 2,00,000.
The variable cost per unit is Rs.100 and the total fixed cost is Rs.37,000.

You are required to determine the selling prices under both monopoly and competitive market conditions.

Q.5. **X Ltd.** produces a standard product.
The estimated cost of which is given below:

Raw Material	Rs.10 per unit
Direct Wages	Rs.08 per unit
Direct Expenses	Rs.02 per unit
~~Valuable~~ Overheads	Rs.03 per unit

Semi Variable Overheads at 100% activity level (10000 units) are expected to be Rs.40,000 and these overheads vary in steps of Rs.2000 for each change of output of 1000 units. Fixed Overheads are estimated at Rs.50,000. Selling Price per unit is expected to be Rs.40. Prepare a flexible budget at 50%, 70% and 90% levels of activity.

Q.6. Explain the features, advantages and limitation of
(a) Contract Costing
(b) Marginal Costing

Q.7. Write short notes on (Any 4)
(a) Limitations of Financial Accounting
(b) FIFO and LIFO
(c) Break-~~over~~ even Analysis
(d) Functional Classification of Cost
(e) Inventory control

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JAMNALAL BAJAJ INSTITUTE OF MANAGEMENT STUDIES

MMM/MFM/MHRDM/MIM I SEMESTER I

Cost Management and Management Control

Attempt any 5 questions. All carry equal marks

16th Nov 2011

Max Marks 100

Time 3 Hours

Q.1. Explain the following.
(i) Direct cost (ii) Indirect Cost (iii) Prime Cost (iv) Overheads (v) Manufacturing Cost (vi) Administration Cost (vii) Marketing Cost (vii) Distribution Cost (ix) R & D Cost (x) Sunk Cost

Q.2. The employees in a plastic toy making unit are paid wages at the rate of Rs. 7 per hour for an eight hour shift. Each employee produces 5 units for hour. The overhead in this department is Rs. 10 per hour. Employees and the management are considering the following piece rate wage proposal.

Upto 45 units per toy of 8 hours, Rs. 1.30 per unit.
From 46 units to 50 units Rs. 1.60 per unit.
From 51 units to 55 units Rs. 1.65 per unit.
From 56 units to 60 units Rs. 1.70 per units.
Above 60 units Rs. 1.75 per unit.

The working hours are restricted to 8 hours per day. Overhead rate does not change with increased production. Prepare a statement indicating advantages to the employees as well as the management at production levels of 40, 45, 55 and 60 units.

Q.3. (a) Explain Allocations Apportionment and absorption of overheads Name 5 methods of absorbing overheads.

(b) Explain the features of job costing and process costing.

Q.4. The transactions in connection with the materials are as follows.

Day	Receipts (Units)	Rate	Issues (Units)
1	40	15.00	--
2	20	16.50	--
3	--	--	30
4	50	17.50	--
5	--	--	20
6	--	--	40

Calculate the cost oi materials issued and the Value of Closing Stock under the FIFO and LIFO method.

Q.5. (a) A company manufactures 200000 Nos. of machine parts for which a fixed capital investment of Rs. 80,000 and working capital to the extent of 25% of the Sales Value will be required. The cost details are as follows.

Raw materials Cost	Rs. 44,000	Labour Cost	Rs. 20,000
Factory Expenses	Rs. 18,000	Selling Expenses	Rs. 23,000

Management wants a profit of 25% on the Capital employed work at the price per unit to be charged to the Customer.

(b) Define Price. Explain the different methods of pricing a product.

Q.6. (a) Define Marginal Cost and Marginal Costing.
Explain the features of Marginal Costing.

(b) From the following information state which of the alternative Sales mixes you would recommend to the management and why?

Selling Price X Rs. 25 per unit, Y Rs. 20 per unit
Direct Material X Rs. 8 per unit, Y Rs. 6 per unit
Direct Wages X Rs. 6 per unit, Y Rs. 4 per unit
Fixed Overheads Rs. 750
Variable Overheads 150% of direct wages.

Alternative Sales Mixes:

1. 250 units of X and 250 units of Y.
2. Nil units of X and 400 units of Y.
3. 400 units of X 100 units of Y.

Q.7. Distinguish between

(a) Fixed and Variable Costs

(b) Absorption Costing and Marginal Costing

(c) Explicit Costs and Implicit Costs.

Q.8. Write short notes on (Any 4)

(a) Budget and Budgetary Control

(b) Breakeven Analysis

(c) FIFO AND LIFO

(d) EOQ

(e) Standard Costing

(f) Limitations of Financial Accounting

QUESTION PAPER JBIMS MHRDM1 SEMESTER 1

COST & MANAGEMENT ACCOUNTING

Q9 (I) The records of XYZ company revealed the data follows for 1998: **20 MARKS**

Work in Process	Rs.73,150
Finished Goods	115,000
Cost of Goods Sold	133,650
Direct Labor	111,600
Direct Materials	84,200

Assume that XYZ has under-applied overhead of Rs.10,000 for 1998 and that this amount is immaterial. What is the balance in Cost of Goods Sold after the under-applied overhead is closed?

(a) Rs.133,650; (b) Rs.123,650; (c) Rs.143,650; (d) Rs.137,803.

(II) The products at Green company are sent through two production departments, Fabricating and Finishing. Overhead is applied to products in the Fabricating Department based on 150% of direct labor cost and Rs.18 per machine hour in the Finishing Department. The following information is available for Job 630: **4 MARKS**

	Fabricating	Finishing
Direct Materials	Rs.1,590	Rs.580
Direct Labor Cost	?	48
Overhead Applied	429	?
Direct Labor Hours	22 hours	6 hours
Machine Hours	5 hours	15 hours

What is the total cost of Job 630?
(a) Rs. 2,647; (b) Rs.3,005; (c) Rs.3,093; (d) Rs.3,203.

(III) A company had a net income of Rs.85,500 using variable costing and a net income of Rs.90,000 using absorption costing. Total fixed overhead was Rs.150,000 and production was 100,000 units. Between the beginning and the end of the year, the inventory level **4 MARKS**

increased by 4,500 units, OR by 3,000 units; decreased by 4,500 units, OR by 3,000 units.

Q10 (I) The Redd company uses a standard cost system for its production process and applies overhead based on direct labor hours. The following information is available for August 1998 when Redd made 4,500 units: **5 MARKS**

Comment on the Profitability of each product when

1. Sales are the limiting factor
2. When raw material is in short supply.
3. Production Capacity in terms of machine hours is the limiting factor. Assuming raw material is the key factor availability of which is 10000 kgs. and the maximum sales potential of each product being 3500 units find the product mix which will yield the maximum profit?

Q. 4. **Explain the features, advantages and limitation of marginal costing.**

Q. 5. (a) 80 kgs. of material A at a standard price of Rs. 2 per kg. and 40 kgs of material B at a standard price of Rs. 5 per kg. were to be used to manufacture 100 kgs of chemical C. during a month 70 kgs of A priced at Rs. 2.10 per kg and 50 kgs of B priced at Rs. 4.50 kg were used and the output of C was 102 kgs. find at the variances?

(b) 100 skilled workmen, 40 semi skilled workmen and 60 unskilled workmen were to work for 30 weeks to get a contract job completed. The standard weekly wages were Rs. 60, Rs. 36 and Rs. 24 respectively. The job was actually completed in 32 weeks by 80 skilled, 50 semi skilled and 70 unskilled workmen who were paid Rs. 65, Rs. 40 and Rs. 20 respectively as weekly wages. Find out the Variances?

Q. 6. (a) Write a note on Breakeven analysis.

(b) Explain the features of process costing

Q. 7. **Write short notes on:-**

(i) Job costing.

(ii) Sunk costs.

(iii) Causes of material variances.

(iv) Functional classification of cost.

(v) Allocation, apportionment and absorption of overheads.

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UNIVERSITY OF MUMBAI

JAMNALAL BAJAJ INSTITUTE OF MANAGEMENT STUDIES

MMM First Year (First Semester) 2009-2010

Subjects: Cost Management & Management Control

Friday, 13-11-09 Time : 2.30 to 5.30p.m. (Total Marks 100)

Attempt any 5 Question. All carry equal Marks..

Q. 1. Explain the following Terms. (Any Ten)

(i) Cost centre
(ii) Profit centre
(iii) Revenue Centre
(iv) Investment Centre
(v) Cost
(vi) Price
(vii) Direct Cost
(viii) Indirect Cost
(ix) Fixed Cost
(x) Variable Cost
(xi) Explicit Cost
(xii) Implicit Cost

Q.2 (a) Define Budget and Budgetary control.

(b) X Ltd produces a standard product. The estimated cost of which is given below :

Row material	Rs. 10 per unit
Direct wapes	Rs. 8 per unit
Direct Expenses	Rs. 2 per unit
Variable overheads	Rs. 3 per unit

Semi variable overheads at 100% activity level (10000 unit) are expected to be Rs. 4,0000/-, and these overheads vary in steps of Rs. 2000 for each change of output of 1000 units. Fixed overhead are Estimated at Rs. 50000. Selling price per unit is expected to be Rs. 40.Prepare a flexible budget at 50%, 70%, and 90% levels of activity.

Q. 3. The following particulars are extracted from records of a company?

Sales	A	B
	Rs. 100	Rs. 120
Consumption of Material	2 Kgs	3 Kgs.
Direct wape cost	Rs. 15	Rs. 10
Material cost	Rs. 10	Rs. 15
Direct Expenses	Rs. 5	Rs. 6
Machine Hrs. used	3 hrs.	2 hrs.
Fixed overhead expenses	Rs. 5	Rs. 10
Variable OH expenses	Rs. 15	Rs. 20

iii) average system time iv) the average cost due to waiting and operating the machine

Q. 7 (a) A car dealership knows from past experience that 10% of the people who come into the showroom and talk to salespersons will eventually purchase a car. To increase the chances of success, you propose to offer a free dinner with salesperson for all people who agree to listen to a complete sales presentation. You know that some people will do any thing for a free dinner even if they do not intend to purchase a car. How ever, some people would rather not spend a dinner with a car salesperson. Thus you wish to test the effectiveness of this sales promotion incentive. The project is conducted for six months, and 40% of the people who purchased cars had a free dinner. IN addition 10% of the people who did not purchase car had a free dinner.

Do people who accept the dinner have a higher probability of purchasing a new car?

What is the probability that a person who does not accept a free dinner will purchase a car?

Q. 7 *(b) Minimize* $Z = 2X_1+1.7X_2$

Subject to $0.15X_1+0.10X_2 \geq 1.5$ $0.85X_1+1.70X_2 \geq 8.5$ $1.30X_1+1.10X_2 \leq 14.40$

$X_1, X_2, \geq 0$

Q. 8 (a) Test the following solution for optimality

Solution

From F_1 to W_2 ship 60 units From F_1 to W_3 ship 30 units From F_1 to W_4 ship 50 units

From F_2 to W_2 ship 260 units From F_3 to W_1 ship 200 units From F_3 to W_4 ship 160 units

From F_4 to W_3 ship 220 units

From Factory	To ware house(Cost of transportation in Rs./ unit)				
	W_1	W_2	W_3	W_4	Available
F_1	48	60	56	58	140
F_2	45	55	53	60	260
F_3	50	65	60	62	360
F_4	52	64	55	61	220
Demand	200	320	250	210	

Q. 8 (b) A fund manager is considering investing in the stock of a health care provider. The manager's assessment of probabilities for rates of return on this stock over the next year is summarized in the following table. Let A be the event "rate of interest will be more than 10%" and B be the event "rate of return will be negative"

Rate of return	less than -10%	-10% -0	0-10%	10%-20%	more than 30
Probability	0.04	0.14	0.28	0.33	0.21

i) what is the probability of A
ii) What is the probability of B
iii) Describe the event that is complement of A
iv) What is intersection of A and B
iv) Find the probability of complement of A
vi) define A U B
v) Find P(A intersection B)
viii) Are A and B mutually exhaustive?
vii) Find P(AUB)
ix) Are A and B collectively exhaustive?