

CLASS: MBA

SEMESTER: II

BRANCH: MBA

SESSION: SP/22

SUBJECT: MT 415 Cost Management

TIME: 2 Hr.

FULL MARKS: 50

**INSTRUCTIONS:**

1. Attempt all questions.
2. The missing data, if any, may be assumed suitably.
3. Before attempting the question paper, be sure that you have got the correct question paper.

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- Q1. Define cost unit and cost centre. (5)
- Q2. Given below the list of industries. Give the method of costing against each industry. (5)
- |                |                                 |
|----------------|---------------------------------|
| Nursing Home   | Bridge Construction             |
| Road Transport | Interior Decoration             |
| Steel factory  | Advertising Agency              |
| Bicycle        | Furniture Manufacturing Company |
| Coal Factory   | Sugar Manufacturing company     |
- Q3. Write short note on Economic Order Quantity. (5)
- Q4. A company uses about 75,000 valves per year and the usage is fairly constant at 6,250 per month. The valve cost Rs. 1.50 per unit and carrying cost is estimated to be 20% of Average Inventory investment on an annual basis. The cost to place an order and to process the delivery is Rs. 18/-, it takes 45 days to receive delivery from the date of an order and the safety stock of 3,250 valves is desired. (5)
- Calculate :
- EOQ and frequency of orders,  
Reorder level  
EOQ if valve cost Rs. 4.50 each instead of Rs. 1.50 each.
- Q5. Distinguish between job costing and contract costing. (5)
- Q6. "Job costing is more accurate than process costing". Comment. (5)
- Q7. Give a comparative description of absorption costing and marginal costing. (5)
- Q8. A company had fixed expenses of Rs. 90,000/- with sales at Rs. 3,00,000/- and a profit of Rs. 60,000/-. Calculate P/V Ratio. If in the next period, the company suffered a loss of Rs. 30,00/-. Calculate sales volume. (5)
- Q9. In a factory standard estimate for material for the manufacture of 1,000 unit of a product is 400 kg at Rs. 2.50 per kg. When 2,000 unit of product are produced, it is found that 825 kg of materials are consumed at Rs. 2.7 per kg. Calculate Material Cost Variance, Material Price Variance and Material Usage Variance. (5)
- Q10. List the objective of Budgetary Control. (5)