

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)**

CLASS: MBA
BRANCH: MBA

SEMESTER : II
SESSION : SP/2023

SUBJECT: MT415 COST MANAGEMENT

TIME: 3 Hours

FULL MARKS: 50

INSTRUCTIONS:

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.
4. Before attempting the question paper, be sure that you have got the correct question paper.
5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.

- | | | CO | BL |
|---|-----|-----|-----|
| Q.1(a) Briefly discuss the objectives and functions of Cost Accounting for modern day firms. | [5] | 1 | 1,2 |
| Q.1(b) A company produces and sells 500 units of a product at a selling price of Rs50 per unit. The following information is available for the cost of production:
Direct material cost per unit: Rs10
Direct labor cost per unit: Rs8
Variable overhead cost per unit: Rs5
Fixed overhead cost per month: Rs6,000
Prepare a cost sheet for the company. | [5] | 1,2 | 2,3 |
| Q.2(a) Elaborate upon the prerequisites of a good incentive plan. | [5] | 2 | 2,3 |
| Q.2(b) Discuss the concept, advantages, and limitations of Taylor's Differential Piece Rate System. | [5] | 2,3 | 2,3 |
| Q.3(a) Explain the concept of job order costing and discuss how it differs from process costing. | [5] | 3 | 3 |
| Q.3(b) Define absorption costing and explain how it differs from variable costing. State the advantages and disadvantages of using absorption costing for a manufacturing company. | [5] | 3,4 | 3,4 |
| Q.4(a) What is break-even analysis and how is it useful for a business? Explain the various components of break-even analysis and how they can be used to make business decisions. | [5] | 4 | 3,4 |
| Q.4(b) A company sells a product for Rs50 per unit. The variable cost per unit is Rs 30, and the fixed costs are Rs10,000 per month. Compute the break-even point in units, rupees, and p/v ration. | [5] | 4 | 4,5 |
| Q.5(a) A budget has been defined as "A financial and/or quantitative statement prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective." Bring out, from the above definition, the essentials of a budget. | [5] | 4,5 | 5 |
| Q.5(b) The standard labour complement and the actual labour complement engaged in a week for a job are as under: | [5] | 5 | 4,5 |

	Skilled	Semi- skilled	Unskilled
Standard No. of workers in the gang	32	12	6
Standard wage rate per hour (Rs.)	3	2	1
Actual No. of workers employed in the gang during the week	28	18	4
Actual wage rate per hour (Rs.)	4	3	2

During the 40-hour working week, the gang produced 1800 standard labour hours of work. Calculate:

- (i) Labour efficiency variance
- (ii) Rate of wages variance
- (iii) Labour mix variance, and
- (iv) Total labour cost variance.