

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(MAKEUP EXAMINATION)**

**CLASS: MBA
BRANCH: MBA**

**SEMESTER: II
SESSION : SP/2025**

SUBJECT: MT415R1 COST MANAGEMENT

**TIME: 3 HOURS
INSTRUCTIONS:**

FULL MARKS: 50

1. The question paper contains 5 questions each of 20 marks and total 100 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.

		CO	BL
Q1(a) Which method of costing would you adopt for the following and why? (i) Oil Refining (ii) Furniture Manufacturer (iii) Interior Designing (iv) Readymade Garments	[5]	1	4
Q1(b) From the details given below calculate, (i) Reordering level (ii) Minimum level (iii) Maximum level (iv) Danger level Reordering quantity is to be calculated based on following information. The cost of placing a purchase order is Rs. 20 The number of units to be purchased during the year is 5,000 Purchase price per unit inclusive of transportation cost is Rs. 50 Annual storage cost per unit is Rs.5 Details of lead time: Average 10 days, maximum 15 days, Minimum 6 days for emergency purchase 4 days. Rate of consumption average: 15 units per day, maximum 20 units per day.	[5]	1	3
Q2(a) Define overheads. Explain various classifications of overheads.	[5]	2	3
Q2(b) A workman's wages for a guaranteed 44-hour week is Rs. 8.50 per hour. The estimated time to produce one article is 35 minutes and under the incentive plan, the time allowed is increased by 20%. During a week a worker produced 100 articles. Calculate wages under each of the following methods: (a) time Rate (b) Rowan system	[5]	2	3
Q3(a) Distinguish between job costing and contract costing: State the features of contract costing.	[5]	3	3
Q3(b) XYZ ltd. has a production capacity of 2,00,000 units per year. Normal capacity utilization is 90%. Standard variable production costs are Rs. 11 per unit. The fixed costs are Rs. 3,60,000 per year. Variable selling costs are Rs. 3 per unit. Fixed selling costs are Rs. 2,70,000 per year. The unit selling price is Rs.20. In the year just ended on 30 June 2010, The production was 1,60,000 units The sales were 150,000 units. The closing inventory on 30 June was 20,000 units. The actual variable production costs for the year were Rs. 35,000 higher than the standard. Calculate profit for the year by marginal costing method.	[5]	3	4
Q4(a) Explain the usefulness of CVP Analysis to the management of a company.	[5]	4	2
Q4(b) Sales = Rs.2,00,000 Variable cost = Rs. 1,20,000 Fixed cost = Rs. 30,000 Calculate Break -even-point and new break-even-point if sales are reduced by 10%	[5]	4	3
Q5(a) Explain the key factor in any budgeting system and the advantage of coordination between sales and production budget.	[5]	5	3
Q5(b) Outline the primary objective of standard costing. Describe briefly its uses.	[5]	5	3