GALGOTIAS UNIVERSITY

ADMISSION NUMBER												

School of Finance and Commerce

Master of Business Administration in Financial Management
Mid Term Examination - Nov 2023

Duration : 90 Minutes
Max Marks : 50

Sem I - H1PE103T - Cost and Management Accounting

General Instructions
Answer to the specific question asked
Draw neat, labelled diagrams wherever necessary
Approved data hand books are allowed subject to verification by the Invigilator

1) Distinguish between product cost and period cost? K2 (2)

2) State how the Break even analysis is helpful in analysing the CVP analysis? K1 (3)

3) Explain the elements of cost with examples? K2 (4)

4) Illustrate the concept of limiting or key factor? K2 (6)

5) Show an understanding on opportunity costs? K3 (6)

6) Determine the differences between cost accounting, financial accounting and management accounting? K3 (9)

7) From the Following data calculate the break-even point. Direct material per unit Rs. 3 Direct labour per unit Rs. 2 Fixed overhead (Total) Rs. 10,000 Variable overhead (Total) Rs. 100% on direct labour Selling price per unit Rs. 10 Trade discount 5% Also determine the net profits, sales are 10% above the break-even point. K4 (8)

8) A, B and C are three similar plants under the same management who wants them to be merged for better operation. The details are as under: Table Find out: (i) the capacity of the merged plant for break-even. (ii) the profit at 75% capacity of the merged plant. (iii) the turnover from the merged plant to give a profit of Rs. 28 lakhs. K4 (12)

Plant	A	B	C
Capacity operated	100%	70%	50%
	Amount (Rs. In lakhs)	Amount (Rs. In lakhs)	Amount (Rs. In lakhs)
Turnover	300	280	150
Variable Cost	200	210	75
Fixed Cost	70	50	62

OR

A manufacturing company produces and sells three produces P, Q and R . It has an available machine hour capacity of one lakh hours, interchangeable among the three products. Presently, the company produces and sells 20,000 units of P and 15,000 each of Q and R. The unit selling price of the three products are Rs. 25, Rs. 32 and Rs. 42 for P, Q and R respectively. With this price structure and the aforesaid sales-mix, the company is incurring loss. The total expenditure, exclusive of fixed charges (presently Rs. 5 per unit), is Rs. 13.75 lakhs. The unit cost ratio amongst the products P, Q and R is 4 : 6 : 7. Since the company desires to improve its profitability without changing its cost and price structures, it has been considering the following three mixes so as to be within its total available capacity. Table You are required to compute the quantum of loss now being incurred and advise the most profitable mix which could be considered by the company.

K4 (12)

Products	Mix I (in units)	Mix II (in units)	Mix III (in units)
P	25,000	20,000	30,000
Q	15,000	12,000	5,000
R	10,000	18,000	15,000