IIHMR UNIVERSITY

School of Development Studies

MBA Rural Management

Batch-06th (2017-2019)

First Year

Financial Management

Term Examination

Time - 3 Hour **MM-70**

The question paper contains 2 printed pages.

Q. 1. The following cost records have been obtained from the Cost Records 2017. Prepare a cost sheet based on the data. Assume that all the products manufactured during the year have been sold to earn a profit of 20% above cost price.

(20 Marks)

Materials used in the factory	220000
Materials used in Primary Packing	28000
Materials used in selling the product	3500
Materials used in factory	3500
Materials used for office	20000
Factory supervision expenses	4000
Factory Repairman expenses	4500
Productive wages	50000
Chargeable Expenses	10000
Indirect expenses - factory	2000
Administrative Expenses	5000
Depreciation on office building	6000
Depreciation on factory building	2000
Freight on materials purchased	7000
Depreciation on delivery vans	1000
Salary paid to the driver of delivery van	2000
Selling Costs	2000
Goods Stolen	2500
Bad debt	3500

Q. 2. Write short notes on the following - (Word limit – 50) (10 marks)

a. Process Costing
b. Semi-variable Cost
c. Sunk Costs
d. Contribution

Q. 3. Answer the following – (Word limit – 100) (10 Marks)

a. Give two examples of Indirect Costs in a University.
b. Explain two heads that comprise of Direct Costs in a Beauty Parlour.

Q. 4. Variable cost per unit - Rs. 4.00, Contribution margin per unit – Rs. 2.00 (10 marks)
Break even point (units) – 20000, Find out profit if sales in unit are 20% above BEP

Q. 5. Radhika Furnitures ltd has the following cost budget at a production level of 35,000 units as against the normal capacity of 56,000 units. (10 Marks)

Particulars	Rs.
Direct Material	4,00,000
Direct labour	4,60,000
Variable Overheads	3,15,000
Semi-Variable overheads	2,00,000
Fixed Overheads	1,50,000

The fixed overhead would remain stable up to 65% activity level, which increases by Rs. 60,000 for higher activity. The fixed component of semi-variable overhead is Rs. 60,000.

a)Find the per unit cost at the activity level of 22,400 units.

b)Find the per unit cost at the activity level of 39,000 units.