Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 26 – 12- 2025 **Time:** 09:30am – 12:30pm

School: SOM-PG	**Program:** MBA	
Course Code :MBA3146	**Course Name:** Cost and Revenue Management	
Semester: III	**Max Marks**: 100	**Weightage**: 50%

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	37	19	44	-	-

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3marks. **10Q x 3M=30M**

1.	Global Hospitals Bangalore provides standardized services rather than unique, custom-built products. Healthcare involves a continuous flow of services(like lab tests, surgeries)through various departments. Select method of costing do you think is suitable for ascertainment cost and why?	**3 Marks**	**L3**	**CO1**
2.	Apply the concept of absorbed and unabsorbed costs, appraise how do you classify these expenses and give justification. Direct material cost, indirect material cost, lubricants for machine, rent, salaries.	**3 Marks**	**L3**	**CO1**
3.	Sriniketan Foundation, a charitable trust is planning for construction of a large number of houses for a certain section of people. Suggest whether it requires to get quotations from builders or opt for call for tender, and explain why.	**3 Marks**	**L3**	**CO1**
4.	Voltas company's P/V ratio declined drastically in Q2 of 2025-26. As a MBA Finance student, choose which measures do you think will help in improving P/V ratio of the company?	**3 Marks**	**L5**	**CO3**

5.	State briefly the effect of the following on break-even point and profit : a)reduction in variable cost b)increase in selling price	**3 Marks**	**L5**	**CO3**
6.	Differentiate between the treatment of normal and abnormal spoilage in the process costing report, explaining how each affects the cost per unit	**3 Marks**	**L4**	**CO2**
7.	A manager proposes switching from a process costing system to a job order costing system for a continuous manufacturing process (e.g., a chemical plant). Analyse his proposal whether he is right or wrong and why.	**3 Marks**	**L4**	**CO2**
8.	A manufacturing unit introduced1,000 units of materials into a process at cost of ₹5 per unit and other expenses incurred are ₹3,000. Normal Loss is 10% of input saleable @ ₹1.80 per unit. Actual output is 850 units. Calculate the abnormal loss in units and value.	**3 Marks**	**L4**	**CO2**
9.	Cost of production ₹ 2,05,000, stock of finished goods(closing) ₹ 5,000, showroom rent ₹ 12,500. Find out selling price to have 25% profit on sales	**3 Marks**	**L3**	**CO1**
10.	Present sales ₹10,00,000, variable cost ₹6,0,0,000, fixed cost ₹2,00,000. Ascertain the effect of 10% reduction of selling price on break-even point	**3 Marks**	**L5**	**CO3**

Part B

Answer the Questions. **Total Marks 40M**

11. **a.** The cost records of Shakti Sugars furnish the following data relating to the manufacture of a standard product during the month of April 2023. **10 Marks** **L3** **CO1**

Raw materials consumed	₹ 15,000
Direct labour charges	₹ 9,000
Machine hours worked	900
Machine hour rate	₹ 5
Administrative overhead	20% on works cost
Selling overheads	₹ 0.50 per unit
Units produced	17,100
Units sold	16,000 @ ₹4 per unit

You are required to prepare a cost sheet from the above showing:

(a)the total cost (b) cost per unit sold and profit for the period

Or

12.	**a.**	The Cost Accounts of a manufacturing company disclose the following information for the six months ending 31st December, 2023. Materials used Rs 2,25,000; Direct wages Rs 1,80,000; Factory overheads Rs 45,000 and administrative expenses Rs 22,500. Prepare the cost sheet of the machines and calculate the price which the company should quote for the manufacture of machine requiring materials valued Rs 1,875 and expenditure in productive wages Rs 1,250 so that the price might yield a profit of 20% on the selling price.	**10 Marks**	**L3**	**CO1**

13.	**a.**	A product passes through three processes. During March, 2023, 3,000 finished units were produced with the following expenditure: (amount in ₹) Overhead expenses amounted in all to ₹ 18,000. They are to be apportioned on the basis of direct wages. Main raw materials issued to Process 1(besides above) were worth ₹10,000. Ignoring the question of stock, prepare the Process Accounts concerned.	**10 Marks**	**L4**	**CO2**

	Process 1	Process 2	Process 3
Direct materials	4,500	7,800	6,000
Direct wages	15,000	12,000	9,000

Or

14.	**a.**	100 Units are introduced into a process at a cost of Re 1 each. The total additional expenditure incurred by the process is Rs 60. Of the units introduced, 10% are normally spoiled in the course of manufacture, these possess a scrap value of Rs 0.25 each. Actual output is 94 units. Prepare: (i)Process Account (ii)Abnormal Gain Account.	**10 Marks**	**L4**	**CO2**

15	**a**	You are the CFO of a manufacturing company which has its units located in four different locations in India producing and selling four different products. The data supplied to you reveals there is a decline in P/V ratio, margin of safety and total sales potential in units is limited(key factor). Evaluate the above decline and their impact on business existence and explain how would you tackle the above situation and improve business revenue	**10 Marks**	**L5**	**CO3**

Or

16	**a**	Assume you have joined as Management Accountant in a manufacturing company producing five different products having 3 plants in India. How do you apply the marginal costing technique in evaluating the following for taking informed decisions. Explain the steps that you take in each case. (i)accepting a foreign order or local order (ii) appropriate sales mix and (iii) key factor	**10 Marks**	**L5**	**CO3**

17	**a**	An automobile manufacturing company finds that the cost of making a particular component in its own workshop is ₹ 12. The same part is available in the market at ₹11.20 with the assurance of continuous supply. The cost data to make the component are: Material ₹ 4.00 Direct labour ₹ 5.00 Other variable costs ₹ 1.00 Fixed cost allocated ₹ 2.00 Total ₹ 12.00 (i)should the part be made or bought? (ii)will you answer be different if the market price is ₹ 9.20? Show your calculations clearly.	**10 Marks**	**L5**	**CO3**
		Or			
18	**a**	A notebook manufacturer has designed a new note book with good paper quality. He has fixed the price of three note books names (i)Rs 20 for 200 pages, super model note book, (ii)Rs 15 for 200 pages Deluxe model note book and (iii) Rs 10 for Basic model note book. He plans to allow 25% discount to wholesalers and retailers. The estimated fixed cost would be Rs 75,000 and the variable cost per unit comes to Rs 5 Required: a) Calculate break-even point for each type of note book and b) How many books the manufacturer should sell in order to make a profit of Rs 25,000?.	**10 Marks**	**L5**	**CO3**

Part C

Answer all the Questions. Each question carries 15marks **2Q x 15M=30M**

19. **a.** From the books of accounts of M/S ZYX Enterprises, the following details have been extracted for the year ended 31st March, 2022. **15 Marks** **L3** **CO1**

(Amount in ₹)

Opening stock of materials	1,88,000	Closing stock of materials	2,00,000
Materials purchased during the year	8,32,000	Direct wages paid	2,38,400
Indirect wages	16,000	Salaries to admin staff	40,000
Freight inwards	32,000	Freight outwards	20,000
Sales	15,79,800	Cash discount allowed	14,000
Bad debts written off	18,800	Repairs of plant	42,400
Rent, rates and taxes(factory)	12,000	Rent, rates and taxes(office)	6,400
Travelling expenses	12,400	Salesmen salaries	33,600
Depreciation-plant	28,900	Depreciation-furniture	2,400
Director's fees	24,000	Electricity charges(factory)	48,000
Fuel (for boiler)	64,000	Sale of scrap	500
General expenses	28,400	Manager's salary	48,000

The manager's time is shared between the factory and the office in the ratio of 20:80. From the above details, you are required to prepare a cost sheet to show:

(a)prime cost (b)factory cost (c)cost of production (d) total cost (e) profit.

20.	**a.**	In a factory producing two different products the limiting factor is the availability of material. From the following particulars, decide the product you would recommend for priority**.**	**15 Marks**	**L5**	**CO3**

	Product X Per unit ₹	Product Y Per unit ₹
Materials	25	40
Labour	10	15
Variable expenses	5	6
Fixed expenses	4	4
Total cost	44	65
Selling price	55	80
Profit	11	15