



**AAT-010-003206**   **Seat No. \_\_\_\_\_**

**M. B. A. (Sem. II) (CBCS) Examination**

**April / May - 2016**

**CCT-10206 - Cost & Management Accounting**

**Faculty Code : 010**  
**Subject Code : 003206**

**Time : 3 Hours ]**

**[ Total Marks : 70**

**Instruction : All the questions carry equal marks.**

**1 Short Answer Questions (07 Out of 09) :**

- (a) P/v Ratio
- (b) Cost Centre
- (c) Single Costing
- (d) Purchase budget
- (e) Direct Cost
- (f) Techniques of Costing
- (g) Zero Base Budgeting
- (h) Margin of Safety
- (i) Calendar Variance

**2 (a) What do you mean by a Budget and budgetary control ? State the salient features of budgetary control.**

**(b) A ltd has planned to increase the volume of sales by reducing the price of its product by 25%. But there is no proposal to change the total fixed costs or variable costs per unit. They will remain unchanged. At the same time, the management desires to maintain the present level of profit. The cost data of the company are as follows**

Selling price per unit .....Rs. 20

Variable costs per unit .....Rs. 7.50

Fixed costs (total) .....Rs. 60,000

No of units sold ..... 20,000 units

You are required to advise the management

**OR**

**2** In South Asian market, 15,000 FM Radio sets can be manufactured and sold and a certain profit is to be generated. It is estimated that 3,000 FM Radio sets need to be manufactured and sold in an European market in order to earn the same profit. Profit in both the markets is targeted at Rs. 3,00,000. The variable cost per FM Radio set is Rs. 150 and the total fixed cost is Rs. 50,000.

You are required to find out the unit selling prices in both the markets i.e. South Asian and European.

**3** Explain the term "Costing system". What are the pre-requisites for installing a good costing system ?

**OR**

**3** What is meant by Activity Based Costing ? What steps are required in installation of Activity based costing system.

**4** (a) "Standard costing and budgetary control methods are interrelated but not interdependent" . Discuss  
 (b) The following are available from the records of ABC Ltd engaged in manufacturing article M for the week that ended on 16<sup>th</sup> April, 2016

Standard labour hours and rates of payments per article are as follows :

	Hours	Rate (per hour)	Amount
Skilled labour	10	3	30
Semi-skilled labour	8	1.50	12
Unskilled labour	16	1	16

The actual production was 1,000 numbers of article for which the actual hours worked and the rates are given as follows:

	Hours	Rate (per hour)	Amount
Skilled labour	9,000	4	36,000
Semi-skilled labour	8,400	1.50	12,600
Unskilled labour	20,000	0.90	18,000

From the above data calculate Labour Variances

**OR**

4 (a) Discuss the most common methods of allocating joint cost of production to joint products.

(b) Following are the budgeted expenses for production of an electronic calculator (10,000 units)

	Rs.
Direct Materials .....	50
Direct Labour .....	20
Variable Overheads .....	20
Fixed overheads (Rs. 1,00,000) .....	10
Variable expenses (Direct) .....	5
Selling Expenses (10% fixed).....	10
Distribution expenses (20% fixed) .....	5
Administration expenses (Rs. 50,000).....	5
Total cost of sale per unit (to make and sell) .....	125
Prepare a budget for production of (a) 7,000 units and (b) 9,000 units.	

5 Product Maxx is made by three sequential process I, II and III. In process III a by-product arises and after further processing in process XY at a cost of Rs. 2 per unit, by-product XYZ is produced. Selling and distribution expenses of Re. 1 per unit are incurred in marketing XYZ at a selling price of Rs. 9 per unit.

	Process I	Process II	Process III
Normal loss (as % of Input)	10%	5%	10%
Scrape value of defective units per unit	Re. 1	Rs. 3	Rs.5
Output in units	8800	8400	7000 MAXX

	Process <b>I</b>	Process <b>II</b>	Process <b>III</b>	Total
Direct material (10,000 Units)	20,000	---	---	20,000
Other Materials	6,000	12,640	23,200	41,840
Direct wages	5,000	6,000	10,000	21,000
Direct Expenses	4,000	6,200	4,080	14,280
Overheads	20,000	24,000	40,000	84,000

Output of Product XYZ is 420 units.

You are required, using the information given, to prepare three process accounts and process XY account.

---