



DX-010-003206

Seat No. _____

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

April / May – 2015

Cost & Management Accounting (CCT - 10206)

Faculty Code : 010

Subject Code : 003206

Time : 3 Hours]

[Total Marks :70

Instruction : All the questions carry equal marks.

Q1: Short Answer Questions (07 Out of 09):

- (a) Cost Unit
- (b) Semi Variable Cost
- (c) By Product
- (d) Master Budget
- (e) Job Costing
- (f) Normal Loss
- (g) Cost Pools
- (h) Margin Of Safety
- (i) Material Mix Variance

Q-2 A What is an Activity- based costing system. Enumerate its special features

Q-2 B Standard costing and Budgetary control are two important tools for controlling costs. Discuss

OR

Q-2 A You are given the Following Data:

Particulars	Sales	Profit
Year 2013	1,20,000	8,000
Year 2014	1,40,000	13,000

Find out:

(i) P/V ratio, (ii) B.E. Point, (iii) Profit when sales are Rs. 1,80,000, (iv) Sales required to earn a profit of Rs. 12,000.

Q-2 B X ltd. Maintains margin of safety of 37.5 % with an overall contribution to sales ratio of 40 %. Its fixed costs amount to Rs. 5 lakhs

Calculate the following :

(i) Break-even sales, (ii) Total Sales, (iii) Total variable cost, (iv) Current Profit

Q-3 Explain how the marginal-costing techniques will be applied in the decision making process of the management with help of suitable examples.

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Q-3 “ An efficient system of costing is an essential factor for industrial control under modern conditions of business and as such may be regarded as important part in the efforts of any management to secure business stability.” Discuss.

Q-4 A What are the causes for (i) material – price variance and (ii) material – usage variance ? Suggest the remedial action to be taken.

Q-4 B Discuss the most common methods of allocating joint cost of production to joint products

OR

Q-4 A product passes through 3 processes A, B, C. The details of expenses incurred on the process during the year were as under.

Particulars	A	B	C
Units Issued (CPU Rs. 100)	10,000 Units	_____	_____
Materials	10,000	15,000	5,000
Labour	30,000	80,000	65,000
Direct Expense	6,000	18,150	27,200
S.P per unit of output	120	165	250

Management Expenses during the year were Rs. 80,000 and Selling & Distribution Expenses Rs. 50,000. They are not allocable to the processes.

Actual output of the three processes was:
A – 9,300 units, B – 5,400 units, C – 2,100

Two-third of the output of process A was passed onto the next process & Balance sold. and one-half of output of Process B was passed onto the next process and balance was sold. The entire output of C was sold.

The normal loss of the 3 processes calculated on the input of every process was
Process A - 5 %, B - 15 % & C - 20 %

The loss of Process A was sold at Rs 2 p.u. , that of B at Rs. 5 p.u. and Process C at 10 p.u.

Prepare 3 Process Accounts and also Normal loss and Abnormal Gain/ loss account(s)

Q-5 Prepare cash budget for January-June from the following information:

(i) The estimated sales and expenses are as follows:

Particulars	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sales	2,00,000	2,00,000	1,20,000	1,00,000	1,50,000	2,40,000	2,00,000	2,00,000
Wages and Salaries	30,000	30,000	24,000	24,000	24,000	30,000	27,000	27,000
Miscellaneous Expense	27,000	27,000	21,000	30,000	24,000	27,000	27,000	27,000

- (ii) 20 per cent of the sales are on cash and balance on credit.
 - (iii) The firm has a gross margin of 25 per cent on sales i.e If sales are of Rs 100 then Purchases will be of Rs.75
 - (iv) 50 per cent of the credit sales are collected in the month following the sales, 30 per cent in the second month and 20 per cent in the third month.
 - (v) Material for the sale of each month is purchased one month in advance on a credit for two months.
 - (vi) The time-lag in the payment of wages and salaries is one-third of a month and of miscellaneous expenses, one month.
 - (vii) Debentures worth Rs 40,000 were sold in January.
 - (viii) The firm maintains a minimum cash balance of Rs 40,000. Funds can be borrowed @ 12 per cent per annum in the multiples of Rs 1,000, the interest being payable on monthly basis.
 - (ix) Cash balance at the end of December is Rs 60,000.
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