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NBK-161100020206

Seat No. ______

M. B. A. (Sem. I) (CBCS) Examination

April / May – 2017

Cost & Management Accounting

Time : Hours] [Total Marks : **70**

1 Define the cost accounting. Explain advantages of cost accounting. **14**

OR

1 Define management accounting. Discuss scope, function and advantages of management. **14**

2 The following particulars have been extracted from the books of J K Production Co. ltd, for the year ended 31^{st} March 2016. **14**

Particulars	Rs.
Stock of materials as on 1^{st} April 2015	47,000
Stock of materials as on 31^{st} March 2016	45,000
Materials Purchased	2,08,000
Drawing office salaries	9,600
Counting house salaries	14,000
Carriage inwards	8,200
Carriage outwards	5,100
Donation	4,300
Sales	4,87,000
Bad debts	4,700
Repairs of plant, machinery and tools	8,600
Rent, taxes, rates and insurance (Factory)	3,000
Rent, taxes, rates and insurance (Office)	1,000
Travelling expenses	3,700
Travelling salaries and commission	7,800
Wages	1,45,000
Depreciation written off on machinery, plant and tools	9,100
Depreciation written off office furniture	600
Director's fees (office director)	6,000
Gas and water charges (factory)	1,000
Gas and water charges (office)	300
Other office expenses	5,000
Manager salary (factory manager)	11,250
Manager salary (office manager)	6,750

From the above data prepare a cost sheet showing

(1) Raw material consumed

(2) Prime cost

(3) Factory cost

(4) Cost of production

(5) Total cost

(6) Net profit.

Find out following percentages after preparing cost sheet :

(1) Percentage of factory overhead with direct labour.

(2) Percentage of office overhead with factory cost.

(3) Percentage of selling and distribution overhead with cost of goods sold.

OR

2 (a) As a cost account you find that the selling price of a product has been calculated as follows : **10**

Particulars	**Rs**
Materials	12,030

Wages :
Department A : 180 hrs - Rs 9 per hr
Department B : 120 hrs - Rs 6 per hr
Department C : 60 hrs - Rs 15 per hr

Variable overhead :
Department A : Rs. 15000 for 15000 labour hrs.
Department B : Rs. 9000 for 4500 labour hrs.
Department C : Rs. 6000 for 1500 labour hrs.
Fixed overhead: Estimated at Rs 60000 for 30000 normal working hrs.

You are required to calculate the cost of job no. 157 and calculate the price to give profit of 25% on selling price. Prepare a job sheet.

(b) Explain the Variance Analysis. **4**

3 ABC ltd. provides you following information. You are required to prepare the cash budget for three months October to December 2016. 14

(1)

Month	Sale (Rs.)	Material (Rs.)	Wages (Rs.)	Indirect exp. (Rs)
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,040	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

(2) 10% sale is done on cash basis. 50% amount of credit sale is received in next month and remaining in second next month.

(3) Creditors allow two month credit.

(4) While time lag for wages in 1/5 month and for indirect expense is 1/2 month.

(5) Cash balance on 1st October 2016 will be Rs. 8,000.

(6) A machine of Rs. 1, 00,000 will be purchased in august 2016; Monthly installment of Rs. 5,000 will start from October 2016.

(7) Dividend is payable in December 2016 on 10% preference share capital of Rs. 3, 00,000.

(8) A vehicle will be sold in December for which Rs. 20,000 will be received in December.

OR

3 (a) Following particulars are obtained for a manufacturing company for its two activity levels. 10

Particulars	60%	100%
Cost of direct material	9,000	15,000
Direct wages	6,000	10,000
Indirect wages	3,000	5,000
Repairs and maintenance	6,500	9,500
Power and fuel	3,750	5,750
Rent	12,000	12,000
Depreciation	10,000	10,000
Insurance	6,000	6,000
Administrative overheads	10,000	14,000
Selling overheads	6,000	8,000

Total production at 100% capacity is 5,000 units.

Prepare a flexible budget 70%, 80% and 90% respectively.

(b) Explain the Methods of Costing. 4

4 (a) Rewrite the following table by filling the blanks with missing figures. Show necessary calculation of standard costing : **10**

Material	Standard quantity	Standard price	Actual quantity	Actual price	MCV	MPV	MUV
A	400	?	440	6.50	?	(-220)	?
B	300	4	260	?	(-100)	?	?
C	500	5	?	4.50	?	?	(-300)

(b) Explain the main Objectives of Budgetary Control. **4**

OR

4 (a) You are given the following data **7**

Year	**Sales**	**Profit**
2015	1,20,000	8,000
2016	1,40,000	13,000

(1) P.V ratio
(2) Fixed expense
(3) Breakeven point
(4) Profit when sales are Rs. 1,80,000
(5) Sales required to earn a profit of Rs. 12,000
(6) Margin of safety 2012.

(b) From the following particulars find out profit volume ratio and BEP. Also calculate PV Ratio and BEP (1) when variable expenses are Rs. 6000 (2) if selling price decrease by 10%. **7**

Sales 10,000

Variable expenses 5,000

Fixed expenses 3,000

5 Write short notes : (any **two**) **14**

(1) Differential cost

(2) Tools and techniques of management accounting

(3) Marginal costing and assumptions of marginal costing