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DBN-19BBA505

Seat No. ______

B. B. A. (Sem. V) Examination
June - 2022
Cost & Management Accounting
(New Course)

Time : $2\frac{1}{2}$ Hours] [Total Marks : **70**

Instructions : (1) You are required to attempt any four questions.
(2) Figures to the right indicate the marks.
(3) All working notes if required to be shown with a relevant answer.

1 A product passes through three processes i.e M, N and O respectively. 1000 units were introduced to process 'M' at Rs. 50 per unit. Other expenses related to each process were as under : **17.5**

Particulars	Process M	Process N	Process O
Materials (Rs.)	20,000	30,200	34,620
Labour (Rs.)	30,000	40,000	50,000
Direct Exp. (Rs.)	5,000	2,260	-----
Actual Output(Units)	920	870	800
Normal Loss	10%	5%	10%
Scrap value of Normal Loss	Rs.30/unit	Rs.50/unit	Rs.60/unit

Production overheads were of Rs. 60,000 which is to be distributed among all the three processes in a ratio of labour expense.

From the above information, prepare process accounts and abnormal loss and/or abnormal gain account.

2 (a) Toofan Ltd. is engaged in manufacturing of a product called A and in course of its manufacture, a by-product D is processed which after a separate process has an economical value. **10**

Particulars	Job Expense	Separate Expenses	
		Product A	By-Product D
Materials	85,000	51,000	13,600
Labour	51,000	34,000	8,500
Direct Expenses	34,000	17,000	3,400

The output of a particular month was 510 kgs of A and 170 kgs of by-product D and the selling price of D averaged Rs. 1500 per kg. Assuming that the profit on by-product D is estimated at 50% of the selling price. Prepare the cost statement of A.

(b) A product passes through three different processes viz A, B and C. In process B, the total units produced were 1596 at Rs. 19,152 which is to be carried to C. **7.5**

If material worth Rs. 3,800 were used in B, labour cost to 50% of the material used, other o/h was Rs. 190 less than labour, normal wastage of 190 units (having scrap value of Rs. 1/unit) and abnormal wastage of 60% of the units of normal wastage.

Find units and their price brought from process A by preparing process B account.

3 Prepare Cash Budget to Bhagvati Co. Ltd. for three months ending 31^{st} December 2020 from the following information. **17.5**

Month	Opening Stock	Purchases	Production Exp.
Sep – 20	35,000	4,20,000	70,000
Oct. – 20	52,500	4,90,000	87,500
Nov. – 20	87,500	5,60,000	1,05,000
Dec. – 20	1,05,000	6,30,000	1,22,500
Jan. – 21	96,250	7,00,000	1,40,000

Additional Information :

(1) Estimated cash balance as of 1st October 2020 is 1,05,000.

(2) Materials are purchased on cash as well as credit terms. In cash terms, a 5% rebate is offered by suppliers. Credit purchase is estimated at 60% of the total purchase.

(3) In sales, 40% of sales are on a cash basis. Discount of 5% is allowed to customers also on cash sales. Credit sales are realized in the subsequent month.

(4) A machine costing Rs. 1,75,000 is to be purchased in Nov. 20 by instalments, the payment of which is to be paid 20% at the time of agreement and remaining is to be paid by four equal monthly instalments with 12% interest p.a.

(5) Payments : Income tax - 2,10,000 – November; Bonus – 2,10,000 – December

(6) Others :

(i) Rate of Gross Profit is 50% on cost.

(ii) Depreciation of Rs. 17,500 per month is included in production expense.

(iii) Time Lag : Credit Purchase – 1/2 month; Production expense – 1/4 month

4 Aditya Corporation manufactures a single product having good demand in the market. As a manager, you are required to construct a flexible budget for 50%, 75% and 90% of capacity and find out profit or loss. **17.5**

Particulars	**40% capacity**	**60% capacity**
Direct Materials	2,40,000	3,60,000
Direct Labour	1,44,000	2,16,000
Overheads	96,000	1,44,000
Semi Variable Expenses:		
Factory Expenses	4,20,000	4,80,000
Admn. Expenses	3,12,000	3,48,000
Selling Expenses	1,68,000	1,92,000
Fixed Expenses :		
Depreciation	2,40,000	2,40,000
Advertisement	1,20,000	1,20,000
Profit / Loss	– 60,000	4,20,000

5 (a) From the following particulars of Jaliyan Ltd. find out **10**

(1) Material Cost Variance

(2) Material Price Variance

(3) Material Mix Variance

(4) Material Yield Variance

The standard mix of a product is as follows :

Material	**Kgs**	**Price per kg Rs.**
X	5	50
Y	2	40
Z	3	100

Actual consumption for the production of 720 kgs was as follows :

Material	**Kgs**	**Price per kg Rs.**
X	416	55
Y	168	37.5
Z	256	95

The standard loss in production is 10% of input which have zero scrap value.

(b) From the following particulars of Ram Ltd. find out **7.5**

(1) Labour Cost Variance

(2) Labour Rate Variance

(3) Labour Efficiency Variance

Standard	**Particulars**	**Actual**
300	No. of the workers worked	250
500	Average monthly wages per worker	600
25	No. of working days during the month	24
15000	No. of units produced	14,000

6 Mafatlal Industries actually produce 3,00,000 units of a single product having the following information. **17.5**

Standard production of material of 3000 units with 10 kg of material having a price of Rs. 150/kg. However, 1200 kg of material was actually issued to the production department having a price of 180/kg.

In a factory, 150 workers were working. The standard payment of daily wages to them is Rs. 16 per worker to produce 60 units.

Actual days of work 40 having payment of Rs. 18 per worker per day. The ideal time included in this was 1/2 day per worker. Total no. of workers – 150

Calculate :

(1) Material Cost Variance

(2) Material Price Variance

(3) Material Usage Variance

(4) Labour Cost Variance

(5) Labour Rate Variance

(6) Labour Efficiency Variance

(7) Ideal Time Variance

7 Explain Zero – base budgeting and state its importance and limitations. **17.5**

8 State the concepts used in zero-base budgeting. Also explain the procedure of Zero-base budgeting. **17.5**