* D B C - 1 9 M B A 2 0 6 *

DBC-19MBA206

Seat No. ______

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

May - 2022

Cost & Management Accounting

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

Instruction : All questions carry equal marks.

1 Define Cost Accounting. Discuss objectives and Functions of Cost accounting.

OR

1 What is meant by Management Accounting? Discuss the Tools and Techniques of Management Accounting

2 A firm manufactured and sold 3000 typewriters in the year 2020. Its summarized trading and profit and loss account for the year 2020 is set out below.

Particulars	**Amt.**	**Particulars**	**Amt.**
To cost of material	1,44000	By sales	7,20,000
To direct wages	2,16,000		
Manufacturing charges	90,000		
Gross profit c/d	2,70,000		
	7,20,000		**7,20,000**
To Management and staff salaries	1,08,000	By gross profit b/d	2,70,000
Rent, rates and insurance	18,000		
General expense	36,000		
Selling expense	54,000		
Net profit	54000		
Total	**2,70,000**	**Total**	**2,70,000**

For the year 2021, it is estimated that.

(1) The output and sales will be of 3600 typewriters.

(2) Price of material will rise by 20%

(3) Wages rate will rise 5%.

(4) Manufacturing charges will increase in proportion to the combined cost of material and wages.

(5) Selling expense per unit will remain unchanged.

(6) Other expenses will remain unaffected by the rise in output.

Prepare a cost sheet showing the price at which typewriters to be manufactured in S 2021 should be marketed so as a profit of 10% on selling. Prepare a cost sheet of both years.

OR

2 (a) The following direct costs were incurred on job no. 286 of standard radio company

Material Rs. 30050

Wages :

Dept. A 300 Hours. @ 30 per hour.

Dept. B 200 Hours. @ 20 per hour.

Dept. C 100 Hours. @ 50 per hour.

Overheads for these three departments were estimated as follows :

Variable O/h

Dept. A Rs. 75000 for 7500 Labour Hours.

Dept. B Rs. 20000 for 1000 labour Hours.

Dept. A Rs. 60000 for 1500 labour Hours.

Fixed O/h: Estimated at Rs. 20000 for 1000 normal working hours.

You are required to calculate the cost of job 286 and calculate the price to give profit of 25% on selling price

(b) A shop floor supervisor of a small factory presented the following cost for job no. 100 to determine the selling price.

	Per unit Rs.
Materials	280.00
Direct wages : Dept. X 32 hrs @ Rs 2.50	
Dept. Y 24 hrs @ Rs 2.50	
Dept. Z 16 hrs @ Rs 2.50	45.00
Special store exps.	05.00

Direct wages :	Dept. X 40,000	Work o/h Dept. X 20000
	Dept. Y 48,000	Dept. Y 36000
	Dept. Z 32,000	Dept. Z 8000

Selling o/h 10% on work cost

Add 20% to total cost to determine the selling price.

3 The annual flexible budget of AMN Company is as follow :

Particulars	60%	80%	100%
Direct material	5,40,000	7,20,000	9,00,000
Direct wages	7,20,000	9,60,000	12,00,000
Factory overheads exp	4,20,000	4,80,000	5,40,000
Office overheads exp.	1,80,000	2,10,000	2,40,000
Sales & distribution exp.	3,00,000	3,48,000	3,96,000

The company is presently working 50% capacity. The sales volume of production at current price is Rs.19,20,000 at 50% level. If the selling price is reduced by 5% the company enabling to operate at 75% capacity if selling price is reduced by 8% the capacity utilized to 90%. Prepare flexible budget for 50%, 75%, and 90% capacity.

OR

3 Ram ltd. produces a detergent. Which passes through three processes before completion and transfer to the finished goods warehouse. From the data relating to this product, you are required to prepare process account and other relevant accounts

Particulars	A	B	C
Raw material input (5000 units)	3000	-	-
Raw material added in process	4250	4750	2750
Direct wages	2000	3000	6000
Direct expenses	600	465	670
Output (units)	4600	4350	3950
Normal wastage in process of input	10%	5%	10%
All loss has scrape value per unit of	20 paisa	50 paisa	1 Re

Production overhead cost was Rs 8250, which is absorbed as per percentage of direct wages.

4 Following particulars are obtained from the records of a company.
Selling price per unit Rs. 150.
Variable expense per unit Rs. 90
Total fixed expenses Rs. 300000
From the above particulars find out
(1) Sale (in unit) to earn profit 450000
(2) Sale (in unit) to make loss 150000
(3) Sale (in unit) to make loss 300000
(4) Sale required (in unit) to earn profit at Rs. 20 per unit
(5) Sale required (in unit) to bear loss at Rs. 20 per unit

OR

4 (a) What is meant by marginal costing? Explain the assumption of marginal costing.

(b) What is standard costing? Discuss the advantages of standard costing.

5 The standard mix of product M is as follows :

Material	Kgs (%)	Price per Kg (Rs.)
A	50	5.00
B	20	4.00
C	30	10.00

The standard loss in production is 10% of the input. Actual production of the product "M" was 14400 kgs.
Actual consumption of material and cost were as follows :

Material	Kgs (%)	Price per Kg (Rs.)
A	8320	5.50
B	3360	3.75
C	5120	9.50

You are required to calculate the following variance :

(1) MCV
(2) MPV
(3) MUV
(4) MMV
(5) MSUV