Seat No. _____

HAN-19BBA505

B. B. A. (Sem. V) (CBCS)

(W.E.F. 2019) Examination

June - 2023

Cost & Management Accounting

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

Instructions :

(1) You are required to attempt all 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 expense related to each process were as under : **20**

Particulars	*Process M*	*Process N*	*Process O*
Materials (Rs.)	20000	30200	34620
Labour (Rs.)	30000	40000	50000
Direct Exp. (Rs.)	5000	2260	---
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 overhead were of Rs. 60000 which is to be distributed among all the three process in ratio of labour expense.

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

OR

1 The following information is extracted from the costing records of a Madhav Factory producing a commodity in the manufacturing of which three process are involved. The output of each process is transferred to the Next Process at cost on completion. The stocks which consist of raw materials are valued at cost per unit of the preceding process. It is ascertained from past experience that normal loss in each process is always 10% of input units of the process concerned. The loss of each process has a scrap value. **20**

Realisable value of scrap of each process is as under :
Process A - Rs. 5 per unit
Process B - Rs. 10 per unit
Process C - Rs. 15 per unit

The company gives you the following information for the month of January, 2013.

2000 units of material were introduced in process A at cost of 8 per unit. Besides this, the following were other expenses.

Particulars	***Process A (Rs.)***	***Process B (Rs.)***	***Process C (Rs.)***
Materials	8,000	3,000	2,000
Labour	12,000	8,000	1,000
Direct Expenses	1,000	1,000	5,500
Particulars	***Process A Units***	***Process B Units***	***Process C Units***
Actual Output (Units)	1,700	1,400	1,500
Stock of Finished units :			
On 1st January	300	600	---
On 31st January	500	200	---
Value on 1st Jan.	Rs. 20	Rs. 30	---

Prepare process cost accounts showing the cost of output and the cost per unit at stage of manufacture.

2 From the following information of Amidhara Ltd. prepare cash budget for the three months ending 31-3-21 : **20**

(1) Cash and Bank Balance on 1-1-2021 is Rs. 90,000

(2)

Month	***Total Sales***	***Total Purchase***	***Labour***	***Total Overheads***
Nov. 20	900000	480000	90000	180000
Dec. 20	1200000	630000	105000	225000
Jan. 21	1260000	720000	120000	240000
Feb. 21	1500000	750000	135000	252000
Mar. 21	1650000	900000	150000	270000

(3) Assume 40% of total sales is cash sales.

(4) Every month, customers return goods worth 5% of credit sales.

(5) 50% of net credit sales is received in the next month of selling, while remaining 50% in the second month from selling.

(6) Total overheads include Rs. 30,000 fixed monthly overheads which are paid in the same month. Variable overheads are paid in the next month.

(7) 30% of total purchase is on cash basis. Creditors are paid after one month.
(8) An old machine was sold for Rs. 25,000 in January, 2021.
(9) Payment period for labout is 1/4 month.
(10) In January 2021, a new machine will be bought for Rs. 200000 and 50% amount will be paid at the time of delivery. The rest 50% amount will be paid in the next month.
(11) Outstanding dividend for 2019-20 of 20,000 will be paid in February, 2021.

OR

2 Hitarth Manufacturing Company has an installed capacity of 1,00,000 units per annum. The cost structure of the product manufactured is as under : **20**

(1) Variable Cost per unit
Materials 20
Wages ..... 10 (subject to a minimum of Rs. 50,000 per month)
Overheads 5
(2) Fixed Overheads Rs. 1,20,000 per annum
(3) Semi variable overheads Rs. 60,000 per annum at 50% capacity, which is increased by Rs. 12,000 per annum for the increase of every 20% capacity of any part thereof.

The estimated capacity utilization for the next year is as follows:
50% for 6 months
60% for 4 months
84% for the balance part of the year

Company expects to get Rs. 647000 total profit. Assume that there is no opening or closing stock.

Prepare the budget to find out estimated selling price for each of the production unit.

3 (a) From the following particulars of Jaliyan Ltd. find out **8**
(i) Material Cost Variance
(ii) Material Price Variance
(iii) Material Mix Variance
(iv) 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**

(i) Labour Cost Variance

(ii) Labour Rate Variance

(iii) 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

OR

3 Mafatlal Industries actually produce 300000 units of a single product having the following information. **15**

Standard Production of material of 3000 units with of 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. 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.

4 Explain Zero-base budgeting and state its importance and limitations. **15**

OR

4 State the concepts used in Zero-base budgeting. Also explain the procedure of Zero-base budgeting. **15**