[This question paper contains 7 printed pages.]

**Sr. No. of Question Paper : 2570** **Roll No............**

Unique Paper Code : 101334

Name of the Course : Bachelor of Business Studies 2013

Name of the Paper : 304 Cost & Management Accounting

Semester : III

Duration : 3 Hours

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Question No. **1** is compulsory and carries **25** marks.
3. Attempt any **SIX** questions including Question No. **1**.
4. Remaining questions carry **10** marks each.

1. (a) The Managing Director of XYZ Pvt. Ltd., asks for your assistance in arriving at a decision as to continue manufacturing a component 'X'; or to buy it from an outside supplier. The component 'X' is used in the finished products of the company. The following data are supplied :

    (i) The annual requirement of component 'X' is 10,000 units. The lowest quotation from an outside supplier is Rs. 8.00 per unit.

    (ii) The component 'X' is manufactured in the machine shop. If the component is bought out, certain machinery will be sold at its book value and the residual capacity of the machine shop will remain idle.

    (iii) The total expenses of the Machine Shop for the year ending 31.3.2013 are as follows :

During that year the Shop manufactured 10,000 units of 'X.

| | Rs. |
|---|---|
| Material | 1,35,000 |
| Direct Labour | 1,00,000 |
| Indirect Labour | 40,000 |
| Power & Fuel | 6,000 |
| Repairs & Maintenance | 11,000 |
| Rate, Taxes and Insurance | 16,000 |
| Depreciation | 20,000 |
| Other Overhead Expenses | 29,600 |

(iv) The following expenses of the Machine Shop apply to manufacturing of component 'X'.

| | Rs. |
|---|---|
| Materials | 35,000 |
| Direct Labour | 56,000 |
| Indirect Labour | 12,000 |
| Power & Fuel | 600 |
| Repairs and Maintenance | 1,000 |

The sale of machinery used for the manufacture of component X would reduce.

Depreciation by Rs. 4,000 and Insurance by Rs. 2,000

(v) If the component 'X' is bought out, the following additional expenses would be incurred :

Freight Re. 1.00 per unit

Inspection Rs. 10,000 per annum.

You are required to prepare a report to the Managing Director showing the comparison of expenses of Machine Shop (i) when the component is made, and (ii) when bought out. (5)

(b) From the following data, calculate :

| | |
|---|---|
| Fixed expenses | Rs. 4,000 |
| Break-even point | Rs. 10,000 |

(i) P/V Ratio

(ii) Profit when sales are Rs. 20,000 and

(iii) New break-even point if selling price is reduced by 20%. (6)

(c) A company manufactures three products from the same raw materials. The budgeted quantity, selling prices and unit costs are as follows :

| | A | B | C |
|---|---|---|---|
| | Rs. | Rs. | Rs. |
| Direct Raw materials @ Rs. 20/kg | 160 | 80 | 40 |
| Direct wages @ Rs. 5/hr | 5 | 15 | 10 |
| Variable overheads | 10 | 30 | 20 |
| Fixed overheads | 9 | 22 | 18 |
| Budgeted production (units) | 6,400 | 3,200 | 2,400 |
| Selling price/unit (Rs.) | 280 | 240 | 180 |

Required :

(i) Present a statement of budgeted profit.

(ii) Set the optimal product-mix and determine the profit, if raw materials are restricted to 36,400 kg. (11)

(d) Explain relevant factors influencing Export Order. (3)

2. The sales forecast for January to May 2013 and actual sales for November and December 2012 for Plysales Co are given below :

| | Month | Sales in Rs. |
|---|---|---|
| Actual | | |
| | November, 2012 | 80,000 |
| | December | 70,000 |
| Forecast | | |
| | January, 2013 | 80,000 |
| | February | 1,00,000 |
| | March | 80,000 |
| | April | 1,00,000 |
| | May | 90,000 |

20% of sales are in cash and rest is on credit, payment of which is realized in 2nd month from the month of sale.

The following other information is also available :

(i) Amount of purchase is budgeted at 60% of turnover of a month and paid in the 2nd month from the month of purchase.

(ii) Variable expenses are 5% of turnover – time lag of payment half month.

(iii) Commission on credit sales @ 5% is payable in the 2nd month from the month of sale.

(iv) Rent and other expenses amounting Rs 3,000 paid every month.

(v) Payment for purchase of fixed assets Rs. 50,000 in March 2013.

(vi) Payment for taxes in April, 2013 Rs. 20,000.

(vii) There will be an opening cash balance of Rs. 25,000.

You are required to prepare a Cash budget for five month from January to May, 2013. (10)

3. The following data are available in respect of Process 1 for November 2013 :

(i) Opening stock of work-in-progress : 800 units at a cost of Rs 4,000.

(ii) Degree of completion of opening work-in-progress :

| | |
|---|---|
| Materials | 100% |
| Labour | 60% |
| Overheads | 60% |

(iii) Input of materials at a total cost of Rs. 70,400 for 9200 units.

(iv) Direct wages incurred Rs. 33480.

(v) Production overheads Rs. 16740.

(vi) Units scrapped 1,200 units. The stage of completion of these units was :

| | |
|---|---|
| Materials | 100% |
| Labour | 80% |
| Overheads | 80% |

(vii) Closing work-in-progress: 900 units. The stage of completion of these units was

| | |
|---|---|
| Materials | 100% |
| Labour | 70% |
| Overheads | 70% |

(viii) 7,900 units were completed and transferred to the next process.

(ix) Normal loss is 8% of the total input (opening stock plus units put in).

(x) Scrap units value is Rs 4 per unit.

equired to :

oute equivalent production.

ulate the cost of abnormal loss, closing work-in-progress and units ferred to the next process using **FIFO** method.

process 1 Account. (10)

d workmen, 40 semi-skilled workmen and 60 unskilled workmen were for 30 weeks to get a contract job completed. The standard weekly ere Rs. 60, Rs. 36 and Rs. 24 respectively. The job was actually l in 32 weeks by 80 skilled, 50 semi-skilled and 70 unskilled workmen e paid Rs. 65, Rs. 40 and Rs. 20 respectively as weekly wages.

the labour cost variance, labour rate variance, labour mix variance and iciency variance. (10)

following information, prepare a cost sheet for the month of December,

| | Rs. |
|---|---|
| hand – 1 December 2012 : | |
| material | 25,000 |
| hed Goods | 17,300 |
| hand - 31 December 2012 : | |
| material | 26,200 |
| hed Goods | 15,700 |
| of raw materials | 21,900 |
| on purchases | 1,100 |
| progress, 1-12-2012 at works cost | 8,200 |
| progress, 31-12-2012 at works cost | 9,100 |
| nished goods | 72,300 |
| ges | 17,200 |
| enses | 1,200 |
| verheads | 8,300 |
| ation overheads | 3,200 |
| l distribution overheads | 4,200 |

(10)

6. Write short notes on **any five** :

(a) Cost centre Vs cost unit

(b) Opportunity cost

(c) Cost estimation Vs. cost ascertaiment

(d) Relevant cost Vs. Irrelevant cost

(e) Margin of safety

(f) Fixed Vs. flexible budget

(g) Profit centre ..(10)

7. Write short notes on **any two** of the following :

(a) Target Costing

(b) Activity based costing

(c) Quality costing (10)

Paper No. 304 2012

[This question paper contains 6 printed pages.]

**Sr. No. of Question Paper : 1141** **Roll No............**

| | |
|---|---|
| Unique Paper Code | : 101334 |
| Name of the Paper | : Cost and Management Accounting |
| Name of the Course | : BBS |
| Semester | : III |
| Duration | : 3 Hours |
| Maximum Marks | : 75 |

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt in all **6** questions.
3. Question **1** is compulsory and carries **25** marks.
4. Remaining question carry **10** marks each.

1. (a) A company annually manufactures 10,000 units of a product at a cost of Rs. 4 per unit and there is home market for consuming the entire volume of production at the sale price of Rs. 4.25 per unit. In the next year, there is a fall in the demand in home market which can consume 10,000 units only at a sale price of Rs. 3.72 per unit. The analysis of the cost per 10,000 units is as follows :

| | Rs. |
|---|---|
| Direct material cost | 15,000 |
| Direct labour cost | 11,000 |
| Variable factory overhead | 6,000 |
| Fixed factory overhead | 8,000 |

The foreign market is explored and it is found that this market can consume 20,000 units of the product if offered at a sale price of Rs. 3.55 per unit (Assume that the company has sufficient capacity to produce additional