

2019

COST AND MANAGEMENT ACCOUNTING-II — HONOURS

Paper : CC 4.2 Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Explain the nature of the following expenses with detail workings : 5

Particulars	Production (units)	
	6,000	10,000
Raw Material (₹)	12,000	20,000
Administration Overhead (₹)	5,00,000	5,00,000
Factory Overhead (₹)	9,000	10,700

Or,

From the following information, calculate the following : 3+2

- (a) BEP in units and in rupees.
(b) Sales (units) required to earn a profit of ₹ 2,40,000.

The information are as follows :

Selling Price per unit	– ₹ 120
Variable Cost per unit	– ₹ 72
Fixed Cost	– ₹ 12,00,000.

2. What is Standard Costing? In what type of industries this system of costing is useful? 2+3

Group - B

3. From the following information, prepare a Cash Budget for three months ending on June, 2019. 10

	Sales (₹)	Purchases (₹)	Wages (₹)	Miscellaneous Expenses (₹)
February	60,000	42,000	5,000	3,500
March	65,000	50,000	6,000	4,000
April	40,000	52,000	4,000	3,000
May	58,000	53,000	5,000	6,000
June	44,000	40,000	4,000	3,000

Please Turn Over

Additional information :

- (i) Sales : 20% realised in the month of Sales, balance realised equally in two subsequent months.
- (ii) Purchases : These are paid in the month following the month of supply.
- (iii) Wages : 75% paid in the month and 25% paid in the following month.
- (iv) Miscellaneous Expenses : Paid a month in arrear.
- (v) Cash in hand on 1st April, 2019 – ₹ 2,580.

4. Following informations are provided by Deb Ltd. :

	<u>Product X</u>	<u>Product Y</u>
Selling price per unit (₹)	25	20
Direct materials (₹)	8	6
Direct wages @ Re. 0.25 per hour	6	4
Fixed overhead — ₹ 750.		
Variable overhead 150% of Direct wages.		

You are asked to calculate Marginal Cost of each product and the contribution per unit productwise.

Also recommend the most profitable product mix from the following alternatives –

- (i) 250 units of X and 250 units of Y
- (ii) 400 units of Y only
- (iii) 400 units of X and 100 units of Y.

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Or,

Samanta Ltd. finds that to produce its only product X costs ₹ 120 p.u. However the same is available in market @ ₹ 110 each.

The cost of producing X is made up as — Material ₹ 60, Labour ₹ 30, Variable cost ₹ 10, Depreciation and other Fixed cost (total) ₹ 20,000.

(a) Should the company make or buy the product?

(b) What would be your opinion if the supplier offered the product @ ₹ 96 each?

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5. KB Ltd. manufactures three products – X, Y & Z. Their per unit cost data are given below.

Particulars	X	Y	Z	Total
Units Produced	5000	10000	15000	
Direct Material per unit	₹ 50	₹ 40	₹ 30	
Direct Labour per unit	₹ 30	₹ 40	₹ 50	
Labour Hours per unit	3	4	5	
Machine Hours per unit	4	4	7	
No. of Purchase Requisitions	600	900	1000	2500
No. of Machine set-ups	120	130	150	400

Production overheads ₹ 13,00,000 spilt into two departments :

Deptt. I ₹ 5,50,000; Deptt. II ₹ 7,50,000

Deptt. I is labour intensive and Deptt. II is machine intensive.

Total Labour hours in Deptt. I — 1,10,000

Total Machine hours in Deptt. II — 2,50,000

Production Overheads ₹ 13,00,000 spilt by activity :

Receiving and Inspecting ₹ 7,00,000

Production schedule and machine set-up ₹ 6,00,000

You are required to prepare product cost statement under (a) Traditional Method and (b) ABC Method.

5+5

Or,

(a) Distinguish between traditional absorption costing system and activity based costing system.

(b) Write short notes on : (i) Cost Pool (ii) Cost Driver.

6+(2+2)

6. In a manufacturing concern production of a product X yields by-products A and B. The joint expenses of manufacture are :

Material ₹ 8,500; Labour ₹ 9,000; Overhead ₹ 7,500.

Subsequent expenses are as follows :

Product	Material (₹)	Labour (₹)	Overhead (₹)
A	2,500	1,900	1,500
B	1,200	1,600	900
C	1,400	2,000	1,050

Selling Prices : A – ₹ 30,000; B – ₹ 20,000; C – ₹ 15,000.

Profit on selling prices : A – 40%, B – 30%, C – 25%.

Show how would you apportion the joint expenses and ascertain profit of each product.

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Group - C

7. The following figures are extracted from the books of a manufacturing concern for the year 2018-19.

	(₹)
Direct Materials	4,10,000
Direct Labour	1,50,000
Variable Overheads	2,00,000
Fixed Overheads	1,20,000
Sales	10,00,000

(a) Calculate Break Even Point.

(b) What will the effect on BEP if there is an increase of 10% in (i) Fixed Expenses, and (ii) Variable Expenses?

5+(5+5)

Please Turn Over

8. To produce 1000 units of output a company provides the following information :

Standard hour in a week = 40

Labour requirement : 10 Men @ ₹ 1.25 per hour.

5 Women @ ₹ 0.80 per hour.

5 Boys @ ₹ 0.70 per hour.

However, the company actually produced 960 units with the following deployment :

13 Men @ ₹ 1.20 per hour.

4 Women @ ₹ 0.85 per hour.

3 Boys @ ₹ 0.65 per hour.

2 hours were lost due to abnormal idle time.

Calculate Labour Cost Variance, Labour Efficiency Variance, Labour Rate Variance, Labour Gang Variance, Labour Idle Time Variance and Labour Yield Variance. 15

Or,

From the following data analyse the material cost variances :

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Item	Standard		Actual	
	Qty. (units)	Price (₹)	Qty. (units)	Price (₹)
A	3500	10	3700	12
B	1500	21	1650	20
C	1000	33	1250	36