

2022

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. Distinguish between Joint Products and By-Products. 5

Or,

A company manufactures two products A and B using the same common facilities. Details for a month are as follows :

Machine maintenance expenses	₹ 6,00,000
Machine setup expenses	₹ 6,00,000
Purchase order expenses	₹ 70,000

	Product - A	Product - B
Production during the month	2,000 units	4,000 units
Machine Hour requirement per unit	3 Hours	1 Hour
Number of Machine setups	30	90
Number of Purchase orders	35	140

Compute the Cost Driver Rates using Activity Based Costing. 5

2. P/V Ratio 40%
Margin of Safety 50%
Total Sales ₹ 12,00,000

Calculate Fixed Cost and Profit. 5

Please Turn Over

Group - B

3. From the following information prepare a Cash Budget for the quarter ending on 31.03.2022 : 10

<u>Month</u>	<u>Sales</u>	<u>Purchases</u>	<u>Wages</u>
	(₹)	(₹)	(₹)
November, 2021	2,40,000	1,68,000	20,000
December, 2021	2,60,000	2,00,000	24,000
January, 2022	1,60,000	2,08,000	16,000
February, 2022	2,32,000	2,12,000	20,000
March, 2022	1,76,000	1,60,000	16,000

Additional information :

- (a) Cash in hand on 01.01.22 was ₹ 10,000;
 (b) Sales – 20% realised in the month of sale, balance realised after two months;
 (c) Purchases are paid after one month;
 (d) Wages are paid 75% in the current month and 25% in the following month.
4. From the following information calculate Material Price Variances, Material Usage Variances and Material Cost Variances for Product-X and Product-Y : 10

	Product-X	Product-Y
Standard Price per unit	₹ 6	₹ 7.50
Actual Price per unit	₹ 7.50	₹ 10
Standard Input (kg.)	50	50
Actual Input (kg.)	40	70

Or,

State whether 'Favourable' or 'Adverse' variance will arise for each type of variance given below against the corresponding reason of arising the variance : 2×5

Type of Variance	Reason of Arising the Variance
(a) Material Price Variance	• Unexpected discounts received from suppliers
(b) Material Usage Variance	• Excessive wastage of material used
(c) Material Usage Variance	• More efficient use of material
(d) Labour Rate Variance	• Use of other workers at a wage rate lower than the standard
(e) Overhead Expenditure Variance	• Savings in costs of services used

5. (a) Distinguish between Standard Costing and Budgetary Control.
 (b) What do you mean by 'Labour Efficiency Variance' and 'Idle Time Variance'? 5+5
6. A Ltd. producing Product X and Y using single production process, has the following cost data :

	<u>Product-X</u>	<u>Product-Y</u>
Selling Price per unit (₹)	20	30
Variable Cost per unit (₹)	12	16
Labour hours required per unit of production	2 Hours	4 Hours
Maximum demand in the market (units)	2,00,000	4,00,000
Total available Labour Hours	8,00,000	
Fixed cost per annum	₹ 20,00,000	

Considering the limiting factors of labour hours and market demand, you are required to find out the best combination of the products to maximise the profit of the company and the amount of profit under the best combination.

10

Or,

Mention the deciding factors of make or buy decisions (a) when there is idle capacity, and (b) when there is no idle capacity.

5+5

Group - C

7. X Ltd. has furnished the following information for 2020-21 :

Sales (units)	30,000
Fixed Cost	₹ 68,000
Sales Value	₹ 3,00,000
Variable Cost	₹ 6 per unit

You are required to :

- (a) Calculate the P/V ratio, break-even point and margin of safety.
- (b) Calculate the revised P/V ratio, break-even point and margin of safety in each of the following cases :
- (i) Decrease of 10% in selling price;
- (ii) Increase of 10% in variable cost.

15

8. What do you mean by Activity Based Costing? State the advantages and limitations of Activity Based Costing. 3+7+5

Or,

20,000 kg. of X is processed to produce 12,000 kg. of Y and 8,000 kg. of Z. The joint cost before separation point came to an amount of ₹ 48,000. From the following particulars calculate the apportionment of joint costs and the profit of each product under

- (a) Physical Measurement Method;
 (b) Market Value of Separation Point Method. 15

	<u>Y</u>	<u>Z</u>
	(₹)	(₹)
Unit selling price at separation point	10.00	7.50
Unit selling price after further processing	14.00	15.00
Further processing cost after separation	20,000	30,000
