Seat No. : _______________

AB-130

April-2023

Int. MBA, Sem.-VI

Cost and Management Accounting

Time : 2:30 Hours] **[Max. Marks : 70**

1. (A) The Serenity Ltd. has undertaken the construction of stairs at public place for a municipal corporation. The value of the contract is ₹ 25,00,000, subject to the retention of 20% until one year after the certified completion of the contract, and final approval of the corporation's engineer. The following details are available on 31st March, 2023. **7**

(1) Labour on site ₹ 8,10,000

(2) Material direct to site ₹ 8,40,000

(3) Material from stores ₹ 1,62,400

(4) Plant ₹ 24,200

(5) Direct expenses ₹ 46,000

(6) General overheads ₹ 74,200

(7) Material on hand at the end ₹ 12,600

(8) Wages accrued on 31st March, 2023 ₹ 15,600

(9) Direct expenses accrued on 31st March, 2023 ₹ 3,200

(10) Work not yet certified at cost ₹ 33,000.

(11) Amount certified by the engineer ₹ 22,00,000

(12) Amount received on account ₹ 17,60,000

(13) The whole plant is charged to contract account.

Prepare Contract Account and compute the profit to be transferred to Profit and Loss account.

OR

(A) From the following information prepare cost sheet : **7**

(1) Material consumed ₹ 2,70,00,000.

(2) Direct wages 33-1/3rd of direct material cost.

(3) Direct expenses 20% of direct material cost and direct labour cost.

(4) Factory overheads 1/9th of prime cost.

(5) Office and admin expenses 25% of Works cost.

(6) Selling and Distribution expenses 10% of cost of goods sold.

(7) Units produced 1,00,000 and units remained unsold 10% of units produced.

(8) Profit 1/6th of sales

(B) What is cost accounting ? Discuss various methods of costing. **7**

OR

(B) From the following, apportion joint cost based on sales value : **7**

	Product A	**Product B**	**Product C**	**Product D**
Sales [units]	1,00,000	2,20,000	5,60,000	7,80,000
Selling price [₹]	50	60	80	110
Total cost :				
Raw material	₹ 5,00,00,000			
Direct labour	₹ 1,50,00,000			
Carriage Inward	₹ 5,00,000			
Manufacturing expense	₹ 20,50,000			
Administration expenses	₹ 30,00,000			
Selling and distribution expenses	₹ 30,00,000			

2. (A) What is management accounting ? Distinguish between cost accounting and management accounting. **7**

OR

(A) Distinguish between Marginal costing and Absorption costing. **7**

(B) What is Activity Based Costing ? What are cost drivers and cost pools ? **7**

3. (A) What are the assumptions and limitations of break-even analysis ? **7**

(B) Compute : **7**

(1) P/ V ratio

(2) Break-even point

(3) Margin of safety

	First half	**Second half**
Sales	96,00,000	1,20,00,000
Total cost	91,60,000	1,12,00,000

OR

The following information is given of A Ltd.

Sales ₹ 2,00,000, Total cost ₹ 1,80,000; 1/3 being fixed cost.

Calculate P/V ratio, BEP, Margin of safety at the existing level

Compute the effect of : **14**

(1) 10% decrease in selling price.

(2) 10% increase in selling price.

(3) 10% decrease in variable cost.

(4) 10% increase in variable cost.

(5) 10% decrease in fixed cost.

(6) 10% increase in fixed cost.

(7) 10% increase in sales volume.

(8) 10% decrease in sales volume.

4. (A) From the following information, calculate all possible fixed overhead variances : **10**

Particulars	**Budgeted**	**Actual**
Production	60000 units	65000 units
Hours	30000	33000
Working days	25	26
Fixed overheads	₹ 90,000	₹ 1,00,000

(B) Discuss the role of cost information in deciding selling price of a product. **4**

OR

A manufacturing company operates standard costing system, detail of standard input of materials is given below : **14**

Standard input of material per batch of 2000 kgs.

A : 60% of input @ ₹ 30/kg.

B : 20% of input @ ₹ 40/kg.

C : 20% of input @ ₹ 50/kg.

Number of batches processed: 8

Material consumed :

A : 10,000 kg – ₹ 1,52,000

B : 3,000 kg – ₹ 60,000

C : 3,000 kg – ₹ 96,000

Required: Calculate all possible material variances.

5. From the following information, prepare the Cash Budget for 3 months ending on June 2023. **14**

[₹]

Month	**Sales**	**Purchase**	**Wages**	**Factory Expenses**	**Office Expenses**
January	40000	25000	3200	3000	3800
February	50000	28000	3400	3200	4000
March	65000	32500	3700	3300	4200
April	70000	37200	3900	3450	4350
May	60000	29500	4200	3600	4420
June	84000	39700	4500	3700	4800

Additional Information :

(1) A Sales Commission at 5% on sales, which is due in the month following in which the sales dues are collected, is payable in addition to office expenses.

(2) The period of credit allowed to Debtors is 2 months.

(3) A month's credit is obtained from Creditors.

(4) Wages are paid on the 1^{st} and 16^{th} of each month in respect of dues for a period of 15 days, proceeding those days.

(5) Office expenses are paid 1/4 month in arrears whereas Factory expenses are paid 3/4 month in arrears.

(6) Factory expenses are inclusive of ₹ 500 for depreciation every month.

(7) For purchase of an asset under installment - payment system, an installment of ₹ 1250 per month is paid.

(8) Bank Balance on 1^{st} April is ₹ 15,200.

OR

(A) Discuss advantages and limitations of budgetary control. **7**

(B) Discuss various techniques of cost control. **7**