Seat No. : _______________

AQ-116

April-2022

MBA, Sem.-VI

Cost and Management Accounting

Time : 2 Hours] **[Max. Marks : 50**

Instructions : (1) All Questions in Section-**I** carry equal marks.

(2) Attempt any **three** questions from Section-**I**

(3) Attempt any **eight** from Section-**II**.

SECTION-I

1. (A) Define Cost Accounting. Explain its advantages and limitations. **7**

(B) The following information is available in respect of a contract undertaken by a building contractor in 2021, the contract was for ₹ 4,00,000 : **7**

Material issued	75,000
Wages Paid	1,10,000
General Charges	4,000
Plant installed at site on 1st July, 2021	20,000
Material at hand on close	4,000
Wages accrued and due	4,000
Work Certified	2,00,000
Work completed but not Certified	6,000
Cash received	1,50,000
Material transferred to other contracts	4,000
Material received from other contracts	1,000

Depreciation on plant to be provided at 10% per annum. Prepare Contract Account and show what part of profit on contract should be credited to P & L A/c of 2021.

2. (A) Difference between Traditional costing and Activity based costing. **7**

(B) Difference between Absorption costing and Variable costing. **7**

3. **14**

	Sales	**Profit**
Year 2020	120000	8000
Year 2021	140000	13000

Find out –

(1) PV Ratio

(2) Break Even Point

(3) Sales required to earn a profit of ₹ 20,000

(4) Profit when sales are ₹ 1,80,000

(5) Margin of safety in the year 2022

(6) Sales required to earn a profit of 25,000

(7) Profit when sales are ₹ 2,00,000

4. ABC Ltd. manufactures three products A, B and C in two production departments X and Y, in each of which are employed two grades of labour. The cost accountant is preparing the annual budgets for the next year and he has asked you to prepare the Production Budget in units for products A, B and C by using the data given below : **14**

	Product A (₹ '000)	**Product B (₹ '000)**	**Product C (₹ '000)**
Finished stocks :			
Budgeted stock are			
1^{st} January – Next year	720	540	1800
31^{st} December – Next year	600	570	1000
All stocks are valued at cost per unit	₹ 24	₹ 15	₹ 20
Standard profit, calculated as percentage of selling price	20%	25%	$16\frac{2}{3}\%$

Budgeted sales are :

	Total (₹ '000)	Product A (₹ '000)	Product B (₹ '000)	Product C (₹ '000)
South	6600	1200	1800	3600
West	5100	1500	1200	2400
North	6380	1500	800	4080
Total	18080	4200	3800	10080
Normal loss in production		10%	20%	5%

5. The Standard mix to produce one unit of product is as follows : **14**

Material	Units	Price	Amount
Material-1	600 units	15	9,000
Material-2	800 units	20	16,000
Material-3	1000 units	25	25,000
	2400		**50,000**
During the month of April actually produced and consumption is as follows :			
Material-1	640 units	17.5	11,200
Material-2	950 units	18	17,100
Material-3	870 units	27.5	23,925
	2460		**52,225**

Compute Material Variances.

SECTION – II

6. Multiple Choice Questions : (Attempt any **eight**) **8**

(1) Select the true statement.

(a) Cost audit is a part of Cost Accounting.

(b) A prosperous business does not need a costing system.

(c) Fixed cost per unit remains same.

(d) All costs are controllable.

(2) Cost sheet can be prepared :

(a) 6 monthly (b) As and when required

(c) Yearly (d) Weekly

(3) Cost Sheet does not include :

(a) Donation (b) Interest

(c) Cash Discount (d) All the above

(4) Select the correct statement.

(a) Variable cost is period cost, remains unaffected by volume

(b) Variable cost varies with increase and decrease in the volume of output

(c) Variable cost per unit varies with the increase or decrease in the volume of output

(d) All are correct

(5) Find out production units from the following :

Sales 72,000 units

Selling price ₹ 14

Closing stock 4000 units

(a) 72,000 units (b) 40,000 units

(c) 68,000 units (d) 76,000 units

(6) Given production is 50,000 units, fixed costs is ₹ 12,00,000, Selling price is ₹ 100 per unit and variable cost is ₹ 60 per unit. Determine profit using technique of marginal costing.

(a) ₹ 2,00,000 (b) ₹ 8,00,000

(c) ₹ 6,00,000 (d) None of the above

(7) Standard costing is the preparation of standard costs and their comparison with ________ and the analysis of ________.

(a) Marginal costs, Variances (b) Variances, Marginal costs

(c) Actual costs, Variances (d) Variances, Actual costs

(8) ________ contains the picture of total plans during the budget period and it comprises information relating to sales, profit, cost, production etc.

(a) Master budget (b) Functional budget

(c) Cost budget (d) None of the above

(9) Contribution per unit is ₹ 10 and variable cost ₹ 6 per unit, find out the selling price.

(a) ₹ 16 (b) ₹ 4

(c) ₹ 10 (d) ₹ 6

(10) Which of the following statement is true ?

(a) Cost Accounting can be used only in manufacturing concerns.

(b) A firm manufacturing scooters use process costing method.

(c) A service industry does not require any type of costing.

(d) Cost Accounting is an important branch of Accounting.