Seat No. : _____

MB-117

May-2022

MBA, Sem.-VIII

Advance Cost and Management Accounting

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

Instructions : (1) **All** questions in Section – I carry equal marks. Attempt ANY **THREE** questions in Section – I.

(2) **All** sub-questions in Section – II carry equal marks. Attempt ANY **FOUR** sub-questions in Section – II.

(3) Show necessary calculations as a part of the answer.

(4) Use of non-scientific calculator is allowed.

Section – I

Attempt ANY **THREE** questions out of **five** questions :

1. The following particulars are obtained from the books of John Ltd. for the year 2021. **14**

Production and sales : 1,500 units

Particulars	₹
Direct material	2,01,000
Direct wages	1,27,500
Direct expenses	18,000
Works overheads (60% fixed)	1,27,500
Office overheads (fixed)	72,000
Selling overheads (80% variable)	60,000
Sales	7,57,500

For the year 2022, it is estimated that :

(1) The production and sales will be 4,000 units

(2) Direct wages per unit will increase by 20% and direct material will increase by ₹ 41.

(3) Fixed works overheads will increase by ₹ 7,500.

(4) Variable selling expenses will increase by ₹ 3 per unit.

(5) The rate of profit on cost will remain same as per the last year.

Prepare :

(1) A statement of cost showing total as well as per unit cost and profit for the year 2021.

(2) A statement of cost showing estimated profit for the year 2022.

2. Product Q passes through three processes. The following information of a company is available for the year ended 31st March, 2022 : **14**

Particulars	Process-I ₹	Process-II ₹	Process-III ₹	Finished stock ₹
Materials consumed	40,000	60,000	20,000	–
Wages	60,000	40,000	80,000	–
Closing stock	20,000	40,000	60,000	40,000

The output of each process is charged to the next process at a price calculated to give a profit of 20% on the transfer price and the output of Process - III is charged to finished stock on a similar basis.

Stock in each process has been valued at prime cost. Finished stock has been sold for ₹ 3,60,000.

Prepare :

(1) Process Accounts

(2) Finished Stock Account

3. (A) Explain Break Even Analysis with help of chart. **7**

(B) The budget officer of Zyan Ltd. has prepared budget for the incoming year and the following information is available from it. **7**

	₹
Sales [1,00,000 units]	1,00,000
Variable expenses	40,000
Fixed expenses	50,000

From the above mentioned information, find out:

(1) Profit – volume ratio

(2) Break – even point (in ₹)

(3) Margin of Safety (in ₹)

Explain how these three will be affected in the following circumstances :

(i) Increase of 20% in number of units sold

(ii) Increase of 5% in variable cost

(iii) Increase of 10% in fixed cost

4. The budgeted and actual sales for a period in a respect of three products are given below : **14**

Budgeted Figures

Product	Quantity	Price (₹)	Value (₹)
A	1000	5	5,000
B	750	10	7,500
C	500	15	7,500
	2250		**20,000**

Actual Figures

Product	Quantity	Price (₹)	Value (₹)
A	1,200	6	7,200
B	700	9	6,300
C	600	14	8,400
	2,500		**21,900**

Required :

Calculate Sales Variances.

5. XYZ Ltd. produces 3 products: P, Q and R; details of which are shown below : **14**

Particulars	Products		
	P	**Q**	**R**
Maximum demand (units)	15000	12500	20000
Time required on the bottleneck resource (hours per unit)	5	4	3
Selling price per unit (₹)	240	220	260
Direct material cost per unit (₹)	120	140	170
Variable overhead (₹)	20	20	20

There are 1,00,000 bottleneck hours available each month.

Required :

(1) Calculate the optimum product mix based on the throughput concept.

(2) Calculate optimum profit.

Section – II

Attempt ANY **FOUR** questions out of **five** questions.

6. In the following sub-questions, more than one answer is given. You are required to select correct answer with necessary calculations. **8**

(1) Profit of a contract credited to Profit and Loss Account is ₹ 1,00,000. This amount is calculated on the basis of 2/3 of 80% cash receipt. Find out total profit of the contract.

(A) ₹ 80,000 (B) ₹ 1,87,500

(C) ₹ 1,50,000 (D) ₹ 1,75,000

(2) Cost per passenger km is ₹ 0.25. Distance between two cities is 100 km. Profit expected is 50% of fare income. What will be the amount of bus fare ?

(A) ₹ 50 (B) ₹ 25

(C) ₹ 37.5 (D) ₹ 40

(3) The following information is obtained from a factory.

Selling price per unit : ₹ 40

Variable cost per unit : ₹ 30

Fixed cost (Total) : ₹ 80,000

Calculate Break – even point in units.

(A) 8000 units (B) 5000 units

(C) 40000 units (D) None

(4) Opening cash balance during the month of April : ₹ 1,39,300.

Cash payment during the month : ₹ 3,04,500

Cash receipts during the month : ₹ 3,84,800

The minimum desired level of cash is ₹ 1,00,000. Funds can be borrowed in multiples of ₹ 5,000 at a rate of 12% p.a.

Calculate the amount of loan borrowed for the month.

(A) There is no requirement of loan

(B) ₹ 5,000

(C) ₹ 10,000

(D) ₹ 15,000

(5) Target selling price: ₹ 2,00,000. Expected profit: 25% on cost. Calculate Target cost.

(A) ₹ 1,60,000 (B) ₹ 40,000

(C) ₹ 2,66,667 (D) ₹ 66,667