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Candidate's Seat No :________

MBA 1 Semester-2 (D/E) (Reg/Rep) Examination

CMA

May-2024

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

Q-1	a) It is not beneficial for a small organisation to implement a cost accounting system. Justify the Statement. b) What is cost Classification How we can classify cost based on variability?	14
Q-2	A) A company has three production department and two service department. For particular period, the departmental distribution summary has the following totals.	14

Production Department			Service Department	
A	B	C	X	Y
30000	25000	20000	10000	6000

The service departments' expenses are charged on percentage basis as follows:

	A	B	C	X	Y
X	20%	30%	30%	-	20%
Y	30%	30%	30%	10%	-

You are required to prepare secondary distribution summary by using Equation Method

B) What is Activity Based Costing? How it differ from the traditional Costing System Explain it with Hypothetical Example.

Or

Q-2	Ram and Co. Produces a product that passes through three processes before it is transferred to the finished stock. The following information is available for the month of December 2023.	14

	Process I	Process II	Process III	Finished Stock
Opening	80000	48000	32000	120000

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Stock				
Direct Material	40000	85000	124000	
Direct Wages	60000	65000	67000	
Production Overhead	65000	26000	130000	
Closing Stock	20000	24000	18000	60000
Profit on cost of Each Process	33.33333%	25%	25%	-
Inter process profit in the opening stock	-	8000	8000	44000

Stock in the process are values at Prime cost, the finished stock has valued at the price at which it is received from process III. Sales during the period were Rs 1400000.

Prepare A) process cost Account showing profit element at each stage B) Statement Showing the actual realised profit and C) stock valuation for balance sheet process.

Q-3 A) The standard production for the particular work order is 20 units per day piece-rate wages is Rs. 12 per unit if daily production is 20 units or more. This rate is Rs 10 per unit if Production is less than 20 units. The Cost of Material is Rs 30 per unit. It is proposed to charge factory overhead under one of the following methods: 100% on labour cost or 80% on prime cost. 14

Tabulate this data in the form of a suitable statements and indicate the factory cost per unit for each of the aforementioned methods if the daily production is A) 15 units B) 20 Units and C) 25 units.

B) A factory produces uniform type of articles and has a capacity of 6000 units per week. The following information shows the different elements of cost for three consecutive weeks when the output has changed from week to week.

Unit Produced	Direct Material	Direct Labour	Semi- Variable
1600	32000	12000	56000
2000	40000	15000	64000

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3200	64000	24000	88000

The factory has received an order for 4800 units. Find out the price which factory should quote each unit.

Or

Q-3 A) A Has two divisions P and Q. Division P has the capacity to manufacture 150000 units of a special component X annually and it has some idle capacity currently. The relevant details extracted from the budget of P are as follows: **14**

Sales (to outsiders)	120000 units @ 80 per unit
Variable cost per unit	60
Divisional Fixed Cost	850000
Capital Employed	7750000
Cost of Capital	15% p.a.

Division Q received an order for which it requires 30000 units of a componenet similar to X. An additional variable cost of Rs 6 per unit will be incurred to make minor modifications to X to suit the requirements of Division Q. What is the minimum transfer price per unit which p should quote to Q. If it targets a residual income of Rs 1200000?

B) What is target costing? What is the importance of it?

Q-4 A) Two companies, ABC Ltd. And XYZ Ltd. Sell the same type of product. Their budgeted profit and loss accounts for the year shows the following: **14**

	ABC Amount in thousand		XYZ Amount in thousand	
Sales	-	150	-	150
Less: Variable cost	120	-	100	-
Contribution		30		50
Less Fixed Cost	15		35	
Budgeted Profit		15		15

You are required to calculate the break even point of each company. Find which company is likely to earn greater profit if there is

A) Heavy Demand

B) Poor Demand

Write it with justifications.

What should be the sales to earn 50000 for both companies.

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	Or	
Q-4	A) XYZ Retail Store anticipates the following cash flows for the next quarter: Sales: 150,000 in April, 180,000 in May, and 200,000 in June. Collections: 60% of sales are collected in the same month, 30% in the next month, and the remaining 10% in the second month after the sale. Operating expenses:80,000 per month Purchase of inventory: 50,000 in April, 60,000 in May, and 70,000 in June. Other expenses: 20,000 per month Calculate XYZ Retail Store's cash collections, disbursements, and ending cash balance for each month of the quarter. B) ABC Freight Carrier transports goods over long distances. In the previous year, the company incurred the following costs: Total kilometers driven: 3500 kilometers Fuel expenses: 60,000 Maintenance and repairs: 35,000 Insurance premiums: 20,000 Depreciation of trucks: 80,000 Driver wages: 120,000 Administrative expenses: 15,000 Calculate ABC Freight Carrier's cost per kilometer.	14
Q-5	Write short note (any four) 1) Zero Based Budgeting 2) Skimming Pricing 3) Transfer Pricing 4) Cost Centre 5) Standard Costing and Variance Analysis 6) Cost Accounting and Auditing	14

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