5/96 **2404N423** Candidate's Seat No :________

MBA (General Management) - SEM II

FC-203

Subject: Cost & Management Accounting.

TIME: ~~2 Hours~~ 2.5 Hours	DATE: 24-04-2024	MARKS: 70

Q-1	**A) Define Costing and discuss the objectives of Cost Accounting. What are the methods of costing that are used in cost accounting?**	**14**
Q-2	**A) The following information has been obtained from the records of XYZ Company Ltd. for the period of 1st December, 2023 to 31st December, 2023.**	**14**

Particulars	**On 1st December, 2023 Amt (in ₹)**	**On 30th December, 2023 Amt (in ₹)**
Cost of Raw Material	60,000	50,000
Cost of Work In Progress	12,000	15,000
Cost of Stock of Finished Goods	90,000	1,10,000
Purchase of Raw Materials during December 2023		4,80,000
Wages Paid		2,40,000
Factory Overheads		1,00,000
Admin Overheads (production related)		50,000
Selling & Distribution Overheads		25,000
Sales		10,00,000

Prepare Cost Sheet.

P.T.O

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OR

B) Bombay Mfg. Company submits the following information on 31-03-2024:

Particulars	Amt. (in ₹)
Sales of the year	2,75,000
Inventories at the beginning of the year -	
- Raw Materials	3,000
- Work in Progress	4,000
- Finished Goods	1,10,000
Purchase of Materials	65,000
Direct Labour	6,000
Inventories at the end of the year -	
- Raw Materials	4,000
- Work in Progress	6,000
- Finished Goods	8,000
Other expenses of the year -	
- Selling Expenses	27,500
- Administrative Expenses	13,000
Factory Overheads	40,000

Prepare Statement of Cost.

Q-3 | 14

A) ABC Ltd. submits the following information in respect of its products which passes through three consecutive processes namely P, Q, and R for the month ending on 31st March, 2023:

Particulars		Process P	Process Q	Process R
Quantitative Information				

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Basic Raw Material at ₹15.00 per kg	Kg	60,000	-	-
Output during the month	Kg	46,500	31,000	19,000
Stock of Process Output				
On 01-02-2008	Kg	6,000	5,000	4,000
On 29-02-2008	Kg	7,500	6,000	3,000
Other Additional Information				
Process Material	₹	2,55,000	5,40,000	4,50,000
Direct Labour	₹	1,45,000	1,05,000	90,000
Machine Overheads		80% of Direct Labour	150% of Other Factory Overhead	40% of Process Material
Other Factory Overheads	₹	1,68,000	2,25,000	97,000
Normal Loss	%	20	30	40
Value of Opening Stock per Kg	₹	29	70	145
Scrap Value per Kg	₹	12	14	16

The percentage of normal loss is computed on the number of units entering in the process concerned. Closing Stock is to be valued at the respective cost of each process during the month. You are required to prepare:

1. **Process Accounts**
2. **Process Stock Accounts**
3. **Normal Loss Account**
4. **Abnormal Loss Account**
5. **Abnormal Gain Account**

OR

B) Mahesh Ltd. processes a material which passes through three processes. Figures relating to the production for the first 6 months of 2019 are as follows:

Particulars	Process A	Process B	Process C

P.T.O

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Raw Materials used	1000 tons @ ₹ 200		
Manufacturing Wages	₹ 40,000	₹ 30,000	₹ 7,000
Expenses	₹ 32,500	₹ 10,800	₹ 3,710
Scrap sold @ ₹ 50 per ton	50 ton	30 ton	51 ton
Selling Price per ton	₹ 320	₹ 450	₹ 800
Weight Loss	5%	10%	20%

Manufacturing Expenses were ₹ 10,500, Selling Expenses were ₹ 8,000, and borrowed capital is ₹ 2,000. Two thirds of Process A and one half of Process B are passed on to the next process and the balance is sold.

Prepare Process Accounts, Process Stock Accounts, and Costing P&L Account.

Q-4 **A) S Ltd. manufactures and markets a single product. The following information is available for the same:** **14**

Particulars	**₹**
Materials	₹ 8.00 per unit
Conversion costs (Variable)	₹ 6.00 per unit
Dealer's Margin	₹ 2.00 per unit
Selling Price	₹ 20.00 per unit
Fixed Cost	₹ 2,50,000
Present Sales	80,000 units
Capacity Utilization	60%

There is an acute competition. Extra efforts are necessary to sell the product. Following suggestions have been made to increase the sales:

- **Reduce Sales Price by 5%**
- **Increase dealer's margin by 25% over existing rate**

Which of the above suggestions would you recommend if the company desires to maintain the present profit?

OR

	B) Prepare a Cash Budget of M/s Novan Television & Co. on the basis of the following information for the first six months of 2024: - Costs and prices are unchanged - Cash sales are 25% and the remaining is credit sales. - 60% of credit sales amount is collected in the month after sale, 30% in the second month, and 10% in the third month. No bad debts are anticipated. - <u>Sales forecasts are as follows:</u> October 2023 - ₹ 12,00,000 November 2023 - ₹ 14,00,000 December 2023 - ₹ 16,00,000 January 2024 - ₹ 6,00,000 February 2024 - ₹ 8,00,000 March 2024 - ₹ 8,00,000 April 2024 - ₹ 12,00,000 May 2024 - ₹ 10,00,000 June 2024 - ₹ 8,00,000 July 2024 - ₹ 12,00,000 - Gross Profit margin is 20% - <u>Anticipated Purchases:</u> January 2024: ₹ 6,40,000 February 2024: ₹ 6,40,000 March 2024: ₹ 9,60,000 April 2024: ₹ 8,00,000 May 2024: ₹ 6,40,000 June 2024: ₹ 9,60,000 - <u>Wages and Salaries to be paid:</u> January 2024: ₹ 1,20,000 February 2024: ₹ 1,60,000 March 2024: ₹ 2,00,000 April 2024: ₹ 2,00,000 May 2024: ₹ 1,60,000 June 2024: ₹ 1,40,000 - Interest on ₹ 10,00,000 @ 12% debentures is due by the end of March and June. - Excise deposit is due in April of ₹ 2,00,000. - Capital Expenditure on Plant & Machinery planned for June is ₹ 1,20,000. - The Company has a Cash balance of ₹ 4,00,000 on 31-12-2023. - The Company can borrow on a monthly basis. - Rent is ₹ 8,000 per month.	
Q-5	**A) Differentiate between Forecasting and Budgeting with all of their distinct characteristics.**	14

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