

MBA-1 Sem.-2 Examination

C.M.A.

Time : 2-30 Hours]

May-2025

[Max. Marks : 70

Q.1 A) What is Cost and Management Accounting? What is the classification of Cost, provide the list? Explain the Function wise classification in detail? (14)

B) Explain the following terms

- 1) Cost Object
- 2) Cost Center
- 3) Cost Allocation
- 4) Key Factor

Q-2 In a Factory there are two service department, P and Q, and three production department, A, B and C. In April 2015, the department expenses were as follows (all figures in Rs.): (14)

Production Department :

A-----460000

B-----120000

C-----130000

Service Department :

P ----- 90000

Q-----40000

The service department Expenses are allotted on a percentage basis follows;

Particular	Production Department			Service Department	
	A	B	C	P	Q
Service Department P	40%	30%	20%	-	10%
Service Department Q	30%	30%	20%	20%	-

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You are requested to apportion the cost of service department to the production department using the following:

- A) Repeated distribution Method
- B) Simultaneous Equation Method

Or

Q-2 ABC power Ltd. Manufactures two products, X and Y using the same equipment and similar processes an extract of the production data for these products in one period is as follows:

Particular	Product X	Product Y
Quantity produced unit	10000	14000
Direct Labour Hours per unit	2	4
Machine hours per unit	6	2
Set up in the period	20	80
Ordered handled	30	120

The details of overheads costs are as follows

Relating to machine activity -----Rs 880000

Relating to production run set-ups-----Rs 80000

Relating to handling of orders-----Rs 180000

Calculate the production overheads to be absorbed by one unit of each of the products using the following approach:

- A) Traditional costing approach using the direct labour hour rate to absorb overhead
- B) ABC approach using suitable cost drivers to trace overheads to products

What is your opinion about the use of traditional verses Activity Based Costing.

Q-3 A product is obtained after passing it through three processes. The following information is collected in the month of January.

Particular	Process I	Process II	Process III
Direct Material	5000	3960	5900
Direct wages	4000	6000	8000
Output during the month in unit	1900	1650	1500
Normal Loss	5%	10%	10%
Scrap value Per Unit (Rs)	2	4	6

(14)

E749-3

2000 units @ Rs. 10 was introduced in Process I, there was no stock of material at the beginning and end of the month. The production overhead is Rs 18000 which is allotted based on direct wages, prepare the process accounts indicating normal loss, abnormal loss and abnormal gain.

How will you treat your abnormal gain or loss in your financial statements.

What is your opinion about the efficiency of each process.

Or

Q-3 A transport company has been given a 40 kilometre long route to run 5 buses. The cost of each bus is ` 6,50,000. The buses will make 3 round trips per day carrying on an average 80 percent passengers of their seating capacity. The seating capacity of each bus is 40 passengers. The buses will run on an average 25 days in a month.

Garage rent 4,000 per month

Annual repairs and maintenance 22,500 each bus

Salaries of 5 drivers 3,000 each per month

Wages of 5 conductors 1,200 each per month

Manager's salary 7,500 per month

Road tax, permit fee, etc. 5,000 for a quarter

Office expenses 2,000 per month

Cost of diesel per litre 33

Kilometre run per litre for each bus 6 kilometres

Annual depreciation 15% of cost

Annual Insurance 3% of cost

You are required to calculate the bus fare to be charged from each passenger per kilometre, if the company wants to earn profits of 33 1/3 percent on taking (total receipts from passengers).

Q-4 A) ABC company is currently manufacturing a part for one of its products (product A) at the following costs:

- Direct material: Rs. 10 per unit
- Direct labor: Rs.15 per unit
- Variable overhead: Rs.10 per unit
- Fixed costs: Rs.20,000

An external supplier has offered to sell the part for Rs. 40 per unit.

Should the company continue manufacturing the part or buy it from the supplier? Assume that the fixed costs will remain unchanged regardless of the decision.

Company has other offer to transfer the resources and produce the same number of unit of Product B, but material cost for that will be 15 and selling price will be 50 per unit, in this situation should

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company transfer the resources and purchase product A from market what is your opinion, explain it with calculation

B) What is Cost Volume Profit Analysis? How you interpret angle of Incidence? Explain it with Graph

Or

Q-4 A) A company have machine; The following costs are incurred each month:

- Fixed costs: Rs.20,000
- Variable costs: Rs.20 per unit
- The company charges Rs.40 per unit from customer.

Question:

Calculate the break-even point in terms of quantity and amount that need to be covered in a month to break even.

B) What is Transfer Price? Explain it with Example

Q-5: Write any four from the following

- A) Kaizen Budgeting
- B) Standard Costing and Variance
- C) Life Cycle Costing
- D) Target Costing
- E) Cost Accounting Standards and Cost Audit
- F) Types of budget
- G) Fixed verses flexible Budget
- H) Zero Based Budgeting

(14)
