# SVKM's NMIMS

## NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: DRM/PGDRM/DFM/PGDFM

Examination: December 2015 | Semester: II
Subject: Cost and Management Accounting | Course : New
Marks : 70
Date: 21.12.2015 | Time: 11.00 a.m. to 2.00 p.m.

Instructions
1. Answer to each new question to be started on fresh page.
2. Figures in the bracket indicate full marks.

Q1. Attempt any 2 out of 4 (Marks: 2X5=10)
a) Explain the importance of Cost Accounting to Management and Owners.
b) What are the characteristics of Semi Variable Costs?
c) Distinguish between absorption and marginal costing.
d) What are the objectives of the pricing?

Q2. Write Short Notes on any 2 out of 5 (Marks: 2X5=10)
a) Job Costing
b) EOQ Level
c) Under & Over Absorption of Over heads
d) Labour Variance
e) Breakeven Chart

Q3. Attempt any 3 out of 5 (Marks: 3X10=30)

a) Discuss the Four Steps for setting the price of the product.
b) Explain the difference between Fixed Budget and Flexible Budget ?
c) From the following particulars find the most profitable product mix

| Particulars | A | B | C |
|---|---|---|---|
| Selling price | ₹ 60/ut | ₹ 55/ut | ₹ 50/ut |
| Material Consumption | 5kg/ut | 3kg/ut | 4kg/ut |
| Material cost | ₹ 4/ut | ₹ 4/ut | ₹ 4/ut |
| Direct Labour | 4hrs/ut | 3hrs/ut | 2hrs/ut |
| Variable overheads | ₹ 7/ut | ₹ 13/ut | ₹ 8/ut |
| Fixed Overheads | ₹ 10/ut | ₹ 10/ut | ₹10/ut |
| Direct Labour per Hour Rate | ₹2 | ₹ 2 | ₹ 2 |
| Maximum Possible Units of Sales | 4000 | 5000 | 1500 |
| Budgeted units | 1800 | 3000 | 1200 |

Assume direct labour as the key factor . the availability of which is 18600 hours

All three products are produced from same direct material and same type of machines and labour. Prepare the Statement of Most Profitable Product Mix

d) Prepare a cash budget for April – June from the following information

The estimated sales and expenses are as follows (₹)

| | February | March | April | May | June |
|---|---|---|---|---|---|
| Sales | 2,00,000 | 2,40,000 | 2,80,000 | 3,00,000 | 2,40,000 |
| Wages | 15,000 | 15,000 | 20,000 | 20,000 | 12,000 |
| Factory O/H | 5,000 | 3,000 | 4,000 | 4,000 | 4,000 |
| Purchases | 1,20,000 | 1,40,000 | 1,60,000 | 1,68,000 | 1,56,000 |

1. Collection from debtors is half in the same month and balance in the next month. 10% of sales are in cash
2. Creditors are paid 50% after 1 month and balance after 2 months from date of purchase
3. Wages and factory overheads are outstanding for 1/4$^{th}$ in a month.
4. Advance Tax paid in the month of May ₹20,000 and depreciation charged in the month of June ₹ 50,000.
5. Dividend to be received in June ₹4000.
6. Preliminary expenses written off each month ₹1000.
7. Cash balance as on 31$^{st}$ March ₹ 16000.

e )Discuss in detail Balanced Score Card Technique.

Q4. Attempt both questions **(Marks: 2X10=20)**

a) Moon Ltd follows Standard Costing systems. The standard material costs for 90 units are as under

| | Units | Rate per unit | ₹ |
|---|---|---|---|
| M1 | 60 | 4.00 | 240 |
| M2 | 40 | 6.00 | 240 |
| TOTAL | 100 | | 480 |
| Less Scrap | 10 | 0.30 | 30 |
| Net | 90 | | 450 |

During March 2015 the company manufactured 5400 units and the actual costs were as below –
M1 4000units - ₹20,000

M2 2000 units - ₹11000.

Calculate all the material variances.

- Material Cost Variance (4 Marks)
- Material Sub –usage and yield variance (4 Marks)
- Material Price Variance (4 Marks)
- Material Usage Variance (4 Marks)
- Material Mix Variance (4 Marks)

b) From the following details taken from the books of Mr. Suraj, prepare process accounts normal loss accounts and abnormal gain/loss accounts.

| | Processes | | |
|---|---|---|---|
| | P | Q | R |
| Input: (10000 Units). ₹ | 10,000 | | |
| Other material₹. | 12,000 | 6,000 | 10,000 |
| Wages₹. | 14,000 | 8,000 | 12,000 |
| Factory overheads ₹ | 4000 | 4000 | 6000 |
| Output transferred to next process (units) | 9400 | 8300 | 7600 |
| Sale of Scrap (per 100units) ₹ | 8 | 10 | 10 |
| Normal Loss (% on input) | 5% | 10% | 10% |

Output of Process R is finally transferred to Finished Stock A/c.