SVKM's NMIMS

NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: DRM/PGDRM/DFM/PGDFM

Examination: June 2016
Subject: Cost and Management Accounting
Date: 20.06.2016

Semester: II
Course : New
Marks : 70
Time: 11.00 a.m. to 2.00 p.m.

Instructions:

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

Q.1) Attempt any 2 out of 4 **(Marks: 2X5=10)**

a) Explain the significances of cost accounting.

b) Types of Analysis of Activity-based Management.

c) Explain Methods of Break Even Analysis.

d) In the timber industry, the milling operations to the split off point during the period amounted to Rs. 28,200 with the following production:

First grade timber	600 units
Second grade timber	800 units
Third grade timber	900 units
	2,300 units

You are required to calculate cost per point and apportion the joint cost on technical evaluation with points 6, 5, and 2 for first, second and third grade respectively.

Q.2) Write Short Notes on any 2 out of 5 **(Marks: 2X5=10)**

a) Discuss the characteristics of planning

b) From the following data, calculate materials yield variance

Particulars	Qty (in unit)	Price(Rs)	Qty (in unit)	Price (Rs)
Material A	300	15	280	13
Material B	200	12	200	11
Actual Output	**450**		**455**	

Standard loss allowed is 10% of input. Actual output is 455 units.

c) Draft a flexible budget for overhead expenses on the basis of following information and determine the overhead rates at 60% 85%and 95% plant capacity.

Particulars	60% Capacity	85% capacity (Rs)	95% Capacity
Variable Overheads			
Indirect Labour	-	24000	-
Stores including spares	-	8000	-
Semi-variable overheads			
Power 25% fixed, 75% variable	-	40000	-
Repairs and maintenance 75% fixed and 25% variable	-	4000	-
Fixed Overheads			
Depreciation	-	22000	-
Insurance	-	6000	-
Salaries	-	20000	-
Total overheads	-	124000	-

d) Prepare the cost sheet to show the total cost of production and cost per unit of goods manufactured by a company for the month of January, 2015. Also find the cost of sales and profit knowing that there were 750 units of opening stock on 1st January 2015 valued at Rs. 18,750 and as on 31st January 2015, 1250 units remained unsold.
5000 units were produced in January.

Particulars	Rs.	Particulars	Rs.
General Expenses	7,000	Direct Wages	22,000
Income tax paid	15,000	Factory Rent & Rates	14,000
Stock of raw material 31.01.2015	6,250	Advertisement expenses	18,000
Raw materials purchased	67,000	Stock of raw material 1.1.2015	7250
Discount on Sales	7,000	Plant Depreciation	9000
Loss on sale of plant	3,000	Office Rent	12,000
Sales	150,000		

e) Explain the different techniques of costing of ascertaining costs.

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

a) Explain function wise classification of overheads

b) A company is producing a single article and selling it at Rs. 25 per unit. The marginal cost of production is Rs. 12 each and fixed costs are Rs. 2000 per annum. You are required to calculate any 5 of the following:

i) Profits for annual sales of 10 units, 40 units, 70 units, 100 units, 500 units.
ii) P/V ratio
iii) Break even sales (in Rs and units)
iv) Sales to earn a profit of Rs. 3200
v) Profits when sales were Rs. 20,000
vi) New break even point (in Rs and Units) if selling price is reduced by 20%

c) Discuss the Implication and Important Steps of Strategy Cost Management.

d) ABC Ltd., would like you to work out the estimated pre-separation costs per tonne of by-products X and Y from the following information:

i) Cost of manufacturing before separation: Rs. 25,60,000(Main product in A)

ii) There are two by-products X and Y whose normal selling prices are as follows:

(a) Sales price of X: Rs. 1000 per tonne

(b) Sales price of Y: Rs. 600 per tonne

Distribution and selling expenses have been estimated to be 20 percent of selling price and the net profit is expected to be 8 percent of selling price.

Cost to manufacture each tonne after separation from the main product are: Rs. 105 for by product X and Rs. 185 for by product Y.

e) From the following data, which product would you recommend to be manufactured in a factory, time being the key factor?

particulars	Per unit of Product A (Rs.)	Per unit of Product B (Rs.)
Direct material	30	22
Direct Labour @ Rs. 0.80 per hr	2	3
Variable overhead Rs. 1.60 per hr	4	6
Selling price	115	125
Standard time to produce (hours)	2.5	3.75

Q.4) Attempt both the questions **(Marks: 2X10=20)**

a) Discuss the purpose and methods of Transfer Pricing.

b) Sunder chemicals produce chemicals during the month of July 2015 by 2 consecutive processes. In each process 5% of the total weight put in is lost and 10% is scrap which from process I realized Rs. 50 a ton and from process II Rs. 20 per ton.

The production date of processes was:

Particulars	Process I (Rs)		Process II (Rs)	
Passed on to the next processes	80%		------	
Sent to the warehouse for sale	20%		100%	
	Rs.	Tons	Rs.	Tons
Raw materials	200,000	2000	28,000	140
Manufacturing Wages	25000	------	18,520	------
General Expenses	14500	------	7,240	------

Prepare process accounts showing the cost per ton of each product.

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