

**NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION**

Programme: DRM/PGDRM/DFM/PGDFM

Examination: December 2016  
Subject: Cost and Management Accounting

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

Date: 19.12.2016

**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 significance of Cost Accounting.
- b) Explain Process costing in brief.
- c) What is Opportunity cost?
- d) What is meant by Overheads?

**Q.2) Write Short Notes on any 2 out of 5**

**(Marks: 2X5=10)**

- a) Administrative Overheads
- b) Principles of Apportionment
- c) Absorption methods of Overheads
- d) Concept of Activity based costing
- e) Abnormal Loss

**Q.3) Attempt any 3 out of 5**

**(Marks: 3X10=30)**

- a) Explain CVP (Cost Volume Profit) Analysis.
- b) What is Break Even Analysis?
- c)

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               | 24                          | 14                          |
| Direct Labour @ Rs. 1 per hr  | 2                           | 3                           |
| Variable overhead Rs.2 per hr | 4                           | 6                           |
| Selling price                 | 100                         | 110                         |
| Standard time to produce      | 2 Hours                     | 3 Hours                     |

d) Explain about Shut Down OR Continue Decision.

e) Define Sales Budget

Q.4) Attempt both the questions

(Marks: 2X10=20)

a)

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, 2005. Also find the cost of sale and profit.

| Particulars                     | Rs.    | Particulars            | Rs.   |
|---------------------------------|--------|------------------------|-------|
| Stock of raw materials 1.1.2005 | 6,000  | Factory rent and rates | 6,000 |
| Raw materials procured          | 56,000 | Office rent            | 1,000 |
| Stock of raw material 31.1.2005 | 9,000  | General expenses       | 800   |
| Direct wages                    | 14,000 | Discount on sales      | 600   |
| Plant depreciation              | 3,000  | Advertisement expenses | 1,200 |
| Loss on the sale of plant       | 600    | Income tax paid        | 2000  |
| Sales Rs. 1,00,000              |        |                        |       |

b)

The management of a company finds that while the cost of making a component part is Rs.20, the same is available in the market at Rs.18 with an assurance of continuous supply.

Give a suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs.18 to Rs.16

The cost information is as follows:

|                         |                 |
|-------------------------|-----------------|
| Material                | Rs.7.00         |
| Direct Labour           | Rs.8.00         |
| Other variable expenses | Rs.2.00         |
| Fixed expenses          | Rs.3.00         |
| Total                   | <u>Rs.20.00</u> |

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