Cost & Mgmt. Accounting 20.05.2009

CMA02

MMS-II Sem

Roll no. **No. of pages: 3**

Time: 3 hours **Marks: 60**

Total No. of Questions : 7

Note: Answer any five questions. Marks will be awarded for brevity and logical presentation.

Q.1.

A) How Management Accounting differs with Financial Accounting? Explain with examples. (6)

B) Explain the terms – cost allocation, cost apportionment and cost absorption. Give examples. (6)

Q.2.

From the following information, determine the selling price for Job no.101: (12)

	Per unit (Rs.)
Materials	47
Direct wages 18 hours @ Rs. 1/- per hour	18
(Dept. X 8 hrs., Dept.Y 6 hrs., Dept.Z 4 hrs.)	
Direct expenses	5

	70

1. Variable overheads are as follows:
   Dept. X : Rs. 2/- per hour
   Dept: Y: Rs. 3/- per hour
   Dept. Z: Rs. 5/- per hour
2. Fixed overheads are Rs. 20000 against normal working hours of 10000.
3. Selling expenses are to be loaded by 10% on cost of production.
4. Add 20% for profit margin on cost of sales.

Q.3.

A) Explain the concept of normal loss, abnormal loss and abnormal gain in process costing. (3)

B) In the manufacture of product 'X' 1000 kgs of material at Re. 0.20 per kg were supplied to the first process. Labor cost amounted to Rs. 50 and production overheads of Rs 25 were incurred. The normal process loss has been estimated at 10% of which half can be sold as scrap at Rs.0.10 per kg. The actual production realized was 850 kgs. Draw up necessary process account. (9)

Q.4. (4)

A) Selling price Rs.150 per unit.

Variable cost Rs. 90 per unit

Fixed cost Rs. 6 lakh

Calculate:

i. BEP

ii. Selling price per unit if BEP is raised to 12000 units

B)

Indo- US Company has a capacity to produce 5000 articles but actually produces only 2000 articles for home market at the following cost: (8)

	(Rs.)
Materials	40,000
Wages	36000
Variable overheads	36000
Fixed overheads	40,000
Total cost	1,52,000

The home market can consume only 2000 articles at a selling price of Rs. 80 per article. An additional order for the supply of 3000 articles is received from a foreign buyer at Rs. 65 per article. Should this order be accepted or not.

Q.5.

A) How does budgeting works as an instrument of control? (4)

B) The expenses budget for production of 10000 units in a factory are furnished below: (8)

Material	Rs. 70 Per unit
Labor	Rs. 25 Per unit
Variable factory overheads	Rs. 20 Per unit
Fixed factory overheads	Rs. 1,00,000
Selling expenses (10% fixed)	Rs. 10 Per unit

Prepare a budget for production of 8000 units.

Q.6.

A) Explain, how responsibility accounting is useful in controlling departmental performance of a big organization. Give examples. (6)

B) How would you measure the performance of a R & D section in a manufacturing concern. Support your answer by example. (6)

Q.7. Write short notes on any three. Cite examples. (12)

A) Relevant cost

B) Objectives of budgetary control system

C) Zero base budgeting

D) Key limiting factor