Or

A Ltd. has prepared the budget for the production of 1,00,000 uits from a costing periods as under :

Particulars	Per unit (Rs.)
Raw materials	10.00
Direct labour	3.00
Direct expences	0.50
Works overhead (60% of fixed cost)	10.00
Administrative overhead (80% of fixed cost)	1.60
Selling overhead (50% fixed)	0.80

Actual production in the period was only 60,000 units. Prepare a budget for the original and revised levels of output.

2018

COST AND MANAGEMENT ACCOUNTING

Paper : 405

(Management Major)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

GROUP – A

(Cost Accounting)

Marks – 40

1. Answer the following as directed : 1×6=6

(a) Variable cost remains fixed per unit. Write true or false.

(b) In case of LIFO method, issues are based on actual cost. Write true or false.

(c) In historical costing, actual costs are ascertained after they have been incurred. Write true or false.

(d) Quantity and price are recorded in the Bin Card. Write true or false.

(e) Time wages is suitable where quantity of work is more important than quality of work. Write true or false.

(f) Rent is variable overhead. Write true or false.

2. Answer the following questions : 2×2=4

(a) What is labour turnover ?

(b) What is bill of materials ?

3. Answer any *two* questions from the following : 5×2=10

(a) Write any five differences between financial accounting and cost accounting.

(b) What are the different methods of measuring labour turnover ?

(c) Write the differences between ABC analysis and VED analysis.

4. Answer the following questions : 10×2=20

(a) What are the techniques of costing ?

Or

Two components X and Y are used as follows :

Normal usage — 600 units per week each

Maximum usage — 900 units per week each

Minimum usage — 300 units per week each.

Re-order quantity X — 4800 units, Y — 7200 units

Re-order period X— 4 to 6 weeks, Y — 2 to 4 weeks

Calculate :

(i) Re-order level

(ii) Minimun level

(iii) Maximun level

(iv) Average level for each component X and Y.

(b) What are the various methods of absorption of overhead ?

Or

Calculate the material price variance, material usage variance, material mix variance and material yield variance from the following data :

Raw materials	Standard mix			Actual mix		
	units kg	price Rs.	Amount Rs.	units kg	price Rs.	Amount Rs.
A	60	25	1,500	56	25	1,400
B	40	50	2,000	44	50	2,200
	100		3,500	100		3,600
Less:loss	30			26		
	70			74		

The standard loss is 30%.

GROUP – B

(Management Accounting)

Marks – 40

5. Answer the following questions as directed : 1×6=6

(a) Budgeting is a tool of Management Accounting. (Write true or false).

(b) Analysis of financial statements means an attempt to determine the significance and meaning of the data presented in financial statements. (Write true or false).

(c) Liquidity means ability of a firm to meet its long-term obligations. (Write true or false).

(d) A quick ratio of 1:1 is considered to represent a satisfactory current financial position. (Write true or false).

(e) Earnings per share = $\frac{\text{Net profit after taxes – preference dividend}}{\text{No. of equity shares}}$

(Write true or false).

(f) Contribution is the differenece between sales and ——— (Fill in the blank).

6. Answer the following questions : 2×2=4

(a) Mention two objectives of management accounting.

(b) What is margin of safety ?

7. Answer any *two* questions from the following : 5×2=10

(a) What is cash flow statement ?

(b) What is budgetary control ?

(c) From the following information, calculate

(i) current assets and

(ii) current liabilities.

Current ratio = 2.5

Working capital = Rs. 90,000.

8. Answer any *two* questions from the following : 10×2=20

(a) Explain managerial application of marginal costing.

Or

A company is making a loss of Rs. 40,000 and relevant information is as follows :

Sales ..... Rs. 1,20,000

Variable cost ..... Rs. 60,000

Fixed cost ..... Rs. 1,00,000

You are required to calculate :

(i) Break even point.

(ii) Sales required to earn a profit of Rs.1,00,000.

(iii) Profit when sales are Rs. 6,00,000.

(iv) Margin of Safety when total sales are Rs. 3,50,000.

(b) Explain in brief the following budgets :

(i) Cash budget

(ii) Master budget

(iii) Zero-based budgeting

(iv) Fixed budget.