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4 (Sem-4) CMAC

2017

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 questions as directed :

1×6=6

(a) Fixed cost does not change in the same proportion in which output changes.

(Write true or false.)

(b) LIFO method of pricing issue is useful during period of inflation.

(Write true or false.)

[Turn over

(c) Abnormal idle time cost of factory should be charged to production overhead.

(Write true or false.)

(d) The rate of change in the composition of labour force in the organisation is called (Fill in the blank.)

(e) When the actual cost incurred is less than the standard cost, the variance is known as (Fill in the blank.)

(f) The most advantageous buying quantity / pattern to adopt is determined by computing the :

(i) Re-order level

(ii) Optimum stock level

(iii) EOQ

(iv) Lead time.

(Choose the correct answer.)

2. Answer the following questions : $2 \times 2 = 4$

(a) What is Cost Sheet ?

(b) Write any two differences between Bin-Card and Stores Ledger.

3. Answer any *two* questions from the following :

(a) What are the different methods of payment of remuneration to labourers ? Briefly explain any one of them. 5

(b) Write the basis of apportionment of the following overheads : 5

(i) Factory rent

(ii) Electricity bill for light

(iii) Depreciation of machinery

(iv) Electric power bill

(v) Supervision expenses

(vi) Stores overhead

(vii) Canteen expenses

(viii) Repair and maintenance

(ix) Building's depreciation

(x) Hospital expenses.

(c) What is Economic order quantity ? Calculate EOQ from the following information : $2+3=5$
Monthly consumption of raw materials = 250 units.

Cost of placing and ordering = Rs. 30 per order.

Cost of material = Rs. 5 per unit.

Carrying cost = 10% of the material cost.

4. Answer the following questions : $10 \times 2 = 20$

(a) Explain costing as an aid to management.

Or

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

Consumption per 100 units of product.

Material	Standard	Actual
A	40 units @ Rs.50 per unit	50 units @ Rs. 50 per unit
B	60 units @ Rs. 40 per unit	60 units @ Rs. 45 per unit

(b) Explain purchasing procedure of material.

Or

A. Ltd. has four departments. The following are the expenses for a period of 3 months :

Rent Rs. 1,000

Repairs Rs. 600

Depreciation ... Rs. 450

Light	Rs. 100
Supervision ...	Rs. 1,500
Insurance of plant	Rs. 500
Employees Insurance	Rs. 150
Power	Rs. 900

Departments	A	B	C	D
Area (sq.ft)	75	55	45	25
Total wages (in Rs.)	4,000	3,000	2,000	1,000
No. of workers	12	8	6	4
Value of plants (in Rs.)	12,000	9,000	6,000	3,000

Prepare a statement showing the apportionment of costs to the various departments.

GROUP – B

(Management Accounting)

Marks – 40

5. Answer the following questions as directed :

1×6=6

(a) Management Accounting deals with the presentation of information in such a way so as to assist management.

(Write true or false.)

(b) A budget prepared in a manner so as to give the budgeted cost for various levels of activity is known as (Fill in the blank.)

(c) In an undertaking with high fixed cost, break-even point can be attained at a lower level activity. (Write true or false.)

(d) Flow of funds means increase or decrease in working capital. (Write true or false.)

(e) Issue of capital will mean in working capital. (Fill in the blank.)

(f) Two elements of current ratio are current assets and (Fill in the blank.)

6. Answer the following questions : $2 \times 2 = 4$

(a) What is the significance of current ratio ?

(b) What are the limitations of financial statements ?

7. Answer any *two* from the following questions :

(a) What is flexible budget ? 5

(b) What is a solvency ratio ? Calculate solvency ratio if the total liabilities to outsiders are Rs. 2,00,000 and total assets are Rs. 6,00,000.

$3 + 2 = 5$

(c) What are the various types of financial statements ? Explain any one of them. 5

8. Answer the following questions : $10 \times 2 = 20$

(a) Explain the scope and objectives of Management Accounting in brief.

Or

From the following data, you are required to calculate :

- (i) P/V ratio
- (ii) Break-even sales
- (iii) Sales required to earn a profit of Rs. 4,50,000
- (iv) Break-even point in units
- (v) What should be the selling price per unit, if the break-even point is reduced to 5,000 units ?

Given :

Fixed cost = Rs. 1,00,000

Variable cost per unit :

Direct material = Rs. 6 per unit

Direct labour = Rs. 2 per unit

Direct expenses = Rs. 2 per unit

Selling price = Rs. 20 per unit.

(b) What are the advantages and disadvantages of budgetary control ?

Or

With the following data for a 60% activity, prepare a Flexible Budget for production at 80% capacity :

Production at 60% capacity = 6,000 units

Materials = Rs. 100 per unit

Labour = Rs. 40 per unit

Direct expenses = Rs. 10 per unit

Factory overheads = Rs. 40,000 (60% variable)

Administrative expenses = Rs. 30,000 (60% fixed).