(iv) Activity Based Costing

(v) Budgetary Control

[This question paper contains 8 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 1294 **F**

Unique Paper Code : 2922061201

Name of the Paper : Cost and Management Accounting

Name of the Course : **Bachelor of Management Studies (BMS)**

Semester : II

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. Attempt any **five** questions.

3. **All** questions carry equal marks.

1. (a) A company producing a single product and sells it at ₹50 per unit. The unit variable cost is ₹35 and fixed cost amounts to ₹12 lakh per annum. With this data, you are required to calculate the following, treating each as independent of other:

I. P/V ratios and break- even sales in rupees and units.

II. New break-even sales if the variable cost increases by ₹3 per unit, without any increase in selling price.

III. Increase in sales required if the profits are to be increased by ₹2,40,000.

IV. Percentage increase/decrease in the sales-volume units to offset.

(i) An increase of ₹3 in the variable cost per unit.

Actual output was 90 units.

Calculate the material cost variances

(i) Material Price Variance

(ii) Material Usage Variance

(iii) Material Cost Variance

(iv) Material Mix Variance

(v) Material Yield Variance. (15)

(b) Briefly explain the limitations of standard costing. (3)

6. Write short notes on any **Three** : (3×6=18)

(i) Comparison between Cost Accounting and Management Accounting

(ii) Target Costing

(iii) Flexible Budget and Fixed Budget

You are required to

Suggest the attainable product mix which will give the highest profits? (15)

(b) Write the differences between cost reduction and control. (3)

5. (a) The standard mix of a product for 10 units is as given below :

Product	Units	Rate (₹) per unit
A	60	0.15
B	80	0.20
C	100	0.25

During a particular month consumption was:

Product	Units	Rate (₹) per unit
A	640	0.20
B	960	0.15
C	840	0.30

(ii) A 10% increase in the selling price without affecting the existing profits quantum.

V. Quantum of advertisement expenditure permissible to increase the sales by ₹1,20,000 without affecting the existing profits quantum. (15)

(b) Briefly define relevant costs in decision making. (3)

2. Prepare a cash budget for the three months ending 31st, December, 2022 Max Company Ltd. has given the following particulars. You are required to prepare a cash budget for the three months ending 31st December 2022 :

Months	Sales (₹)	Materials (₹)	Wages (₹)	Overheads (₹)
August	20,000	10,200	3,800	1,900
September	21,000	10,000	3,800	2,100
October	23,000	9,800	4,000	2,300
November	25,000	10,000	4,200	2,400
December	30,000	10,800	4,500	2,500

I. A Plant will be installed in August, 2022 at a cost of ₹1,00,00. The monthly installment of ₹5,000 is payable from October onwards.

II. Dividend at 10% on preference share capital of ₹3,00,000 will be paid on 1st December 2022.

III. Advance to be received for sale of equipment's ₹20,000 in December 2022.

IV. Income-tax (advance) to be paid in December 2022 ₹5,000.

V. Credit terms are :

(i) Sales/Debtors: 10% sales are on cash basis, 50%. of the credit sales are collected next month and the balance in the following month:

(ii) Creditors: Materials 2 months

VI. 20% of wages are paid in the following month.

VII. 50% of overheads are paid in the following month.

VIII. Cash balance on 1st October, 2022 is expected to be ₹8,000. (15)

(b) What is zero-based budgeting? Briefly explain. (3)

3. (a) The following information is given in respect of an engineering company

Products	A	B	C
Raw material cost per unit (₹)	200	120	300
Labour cost per unit (₹)	12	20	16
Variable overhead per unit (₹)	3	5	4
Selling price per unit (₹)	250	200	400
Maximum sales demand (units)	6,000	4,000	3,000

The maximum raw materials available is 1,00,000 kg @ ₹20 per kg. The maximum labour hours available is 1,84,000 @ ₹0.80 with facility for a further 15,000 hours on over time basis at twice the normal wage rate.