K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH, Vidyavihar, Mumbai- 400077

Program MFM *(Batch2018-21), Sem-II*
Subject: Cost and Management Accounting

Maximum Marks: 50
Duration: 3 Hours

Date: 12 April, 2019

Instructions

1. **Attempt any 5 questions, each carrying 10 marks.**

QUESTION 1

M/s Nitin Stationers manufactures plastic files for office use. The details of its cost and sales is as follows:

Variable Cost per file	Rs 45
Fixed Cost	Rs 60,000 per year
Production capacity	3,000 files per year
Selling price	Rs 110 per file

You are required to compute the following:

(i) Break Even Point
(ii) Number of files to be sold to earn a net profit of Rs 36,000
(iii) What will be the net income if 2800 files are sold?
(iv) If the fixed cost increases by Rs 5000, what will be the revised BEP?

QUESTION 2

The product of a company passes through 3 distinct processes to completion. From past experience, it is ascertained that normal wastage in each process is as under:

Process	**A**	**B**	**C**
Wastage	2%	3%	2%
Sale value of wastage	Rs. 3 per unit	Rs. 4 per unit	Rs. 5 per unit

Expenses were as follows:

Process	**A**	**B**	**C**
Materials	26, 000	24, 000	35, 000
Direct Labour	27, 500	21, 000	23, 000
Manufacturing Expenses	15,000	14, 700	13, 300
Other factory expenses	8, 000	5, 500	5, 900

10, 000 units costing Rs. 24,000.were initially introduced in process A. Process wise output is as follows:

Output	Process
A	9,700
B	9,300
C	8,800

Prepare the three Process accounts.

QUESTION 3

A. The selling price p.u is Rs 25. The below information is for an output of 50,000 units while the capacity of the firm is 70,000 units. A foreign customer is ready to place on order of 20000 units at Rs 19 p.u. The extra cost of exporting is Rs 0.50 p.u. Advice the manufacturer whether the order should be accepted.

The cost sheet of the product is as follows : (5)

Direct material	10
Direct wages	5
Factory overheads:	
Fixed	1
Variable	2
Administration expenses	1.5
Selling and distribution expenses:	
Fixed	.5
variable	1

B. UV Ltd. presents the following information for November, 2014: (5)

Budgeted production of Product Q is 200 units

Standard consumption of raw materials 2 kgs per unit of Q

Standard price of raw material is Rs 6 per kg.

Actually, 250 units of Q were produced and material was purchased at Rs 8 per kg and consumed at 1.8 kgs per unit of Q. Calculate Material Cost Variance, Material Price Variance and Material Usage Variance.

QUESTION 4

The following details are extracted from the Trial Balance of Gogetter Co. on 30th March, 2018. Prepare a Cost Sheet based on the same.

	Rs ('000)		Rs ('000)

Opening Inventories:		Indirect labour	18,000
Finished stock	80,000	Factory supervision	10,000
Raw materials	1,40,000	Repairs- Factory	14,000
Work in progress	2,00,000	Heat, light and fuel	65,000
Sales	7,68,000	Miscellaneous factory expenses	18,700
Materials purchased	3,20,000	Sales commission	33,600
Carriage inwards	16,000	Sales promotion	11,000
Direct labor	1,60,000	Sales travelling	22,500
Closing inventories:		Sales dept. salaries	18,000
Finished stock	1,15,000	Office salaries	16,000
Raw materials	1,80,000	Depreciation on office appliances	870
Work in progress	1,92,000	Depreciation on Plant and machinery	46050

QUESTION 5

GS Ltd. Manufactures a single product for which market demand exists for additional quantity. Present sales level of Rs 1,40,000 per month utilizes only 70% capacity of the plant. The following data are available:

i. Selling price is Rs 14 pu
ii. Variable cost is Rs 6 pu
iii. Semi-variable cost is Rs 5000 fixed + 50 paise pu
iv. Fixed cost is Rs 20,000 at present level and is estimated to be Rs 24,000 at 80% output

You are required to prepare the following statements:
The operating profits at 60%, 70% and 80% levels .

QUESTION 6

Prepare a Cash Budget for January to March, 2018 from the following information of ABCD Ltd.

Month	Sales	Purchase	Wages	Direct expenses	Overheads
December,17	58,000	38,000	11,000	9,000	7,000
January,18	97,000	27,000	14,000	14,000	6,000
February,18	82,000	26,000	11,000	7,000	3,000
March,18	98,000	24,000	21,000	5,000	4,000

Other information:

a) Closing cash in hand on 31/12/2017 was Rs 21,800
b) 30% of sales are for cash and debtors get realized in one month.
c) 2 months credit is available from creditors for purchases
d) Overheads are paid in the next month
e) Lag in the payment of wages is 1 month
f) 5% commission is payable on total sales, in the month of sales
g) A grant of bank loan of RS 18,000 is expected in February, 2018.