

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**

**Vidyavihar, Mumbai- 400077**

**Program:PGDM(RM) (Batch2016-18), Sem-2**

**Subject: Cost & Management accounting**

**(End term Examination)**

**MARKS- 50**

**Time-3 hours**

**Date:- /01/2017**

**INSTRUCTIONS**

- 1) Write your assumptions wherever necessary
- 2) Question no .1. is compulsory ,Attempt any THREE questions from the remaining questions.

Q.1A) ABC LTD is manufacturing 2 products “p” and “Q”. The management has the option to alter the sales mix of the two products from out of the following options.

OPTIONS	PRODUCT P	PRODUCT Q
I	800	600
II	1,600	-
III	-	1,300
IV	1,100	500

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The per unit data is as follows:-

	PRODUCT P	PRODUCT Q
Direct material	25	30
Direct labour hours	10	12
Selling price	75	90

Direct labour rate is Rs 2/- per hour. Variable overhead for both the products is 100% of direct labour cost. Fixed overheads for both the products is Rs 10,000/-

You have to evaluate the options and decide on the most profitable option.

(15 MARKS)

Q.1B) What are the ways to improve P.V.Ratio .Also explain the Limitations of P.V.Ratio.

(5 MARKS)

Q.2) The product of a company passes through three different processes. The data is as follows:-

PARTICULARS	PROCESS 1	PROCESS 2	PROCESS 3
Materials	12,000/-	8,000/-	4,000/-
Direct Labour	16,000/-	12,000/-	6,000/-
Machine expenses	2,000/-	2,000/-	3,000/-
Other factory Expenses	3,500/-	3,800/-	4,200/-

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Normal Loss	2%	5%	10%
Scrap value per 100 units	Rs 10/-	Rs 10/-	Rs 80/-
Output of each process	19,500 units	18,800 units	16,000 units

20,000 units were introduced in process 1 at a price of Rs 20,000/-

Prepare the necessary accounts.

(10 MARKS)

Q.3) Prepare a Cash Budget for three months ending 30 June 2016.

Months	Sales(Rs)	Materials(Rs)	Wages(Rs)	Overheads(Rs)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

Credit terms are as follows:-

1)Sales and Debtors-10% of sales are on cash basis,60% of credit sales are collected in next month and the balance in the following month.

2)Creditors -Materials 2 months

Wages ¼ month

Overheads ½ month

3)Opening cash balance for the month of April is Rs 6,000/-.

4) Plant and Machinery installed at Rs 96,000/-.The monthly instalment of Rs 2,000/- payable from April onwards.

5) Dividend ofn Preference Share Capital of Rs 2,00,000/- @5% payable on 1 st June.

6) Advance received Rs 9,000/- on sale of vehicle in June.

7)Income tax of Rs 2,000/- paid in June. (10 MARKS)

Q.4)Write short notes on any TWO. (10 MARKS)

1) Features of Process costing

2) Zero base Budgeting

3) Assumptons and Limitations of BEP analysis

4 )Differentiate Between Cost Accounting and Management Accounting.

Q.5) Ameya Ltd is manufacturing three different products A,B,C using the same

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raw materials. The following data of the company is available for analysis:-

Particulars	Product A	Product B	Product C
Materials per unit	Rs 40	Rs 50	Rs 64
<b>DIRECT LABOUR</b>			
Dept 1(@10/-per hour)	1 hour per unit	1.2 hour per unit	1.5 hour per unit
Dept 2(@12/-per hour)	0.5 hour per unit	1 hour per unit	1 hour per unit
Dept 3(@15/-per hour)	0.8 hour per unit	1 hour per unit	1.2 hour per unit
Variable overhead per unit	Rs 12	Rs 11	Rs 16
Selling Price per unit	Rs 100	Rs 130	Rs 175
Current Annual Production (units)	30,000	40,000	25,000
Forecast of Sales(units)	50,000	40,000	30,000

1)Fixed overheads Rs 25 lakhs per annum.

Labour available in Department 2 is in short supply and cannot be increased.

Prepare the following statements:-

a)Statement of contribution and profit for all products

b)statement of Profitability taking into account the present situation and the

revised statements after the changes recommended by you. (10 MARKS)