Name: Enrolment No:	UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: FINC 2005 Cost and Management Accounting **Semester: III**
Programme: BBA-AIS
Time: 03 hrs. **Max. Marks: 100**
Instructions:

SECTION A
(2*10=20 Marks)

Note: Choose the appropriate option in each question. Each question carries 2 marks.

S. No.		Marks	CO
Q 1			
i.	To discharge the responsibility effectively, management accounting has to carry out: a) Activities like collection, processing, analysing and interpreting of the data b) Communicating the resulting information to external parties c) Both (a) and (b) above d) None of the above	**2**	**1**
ii.	Cost allocation is the process of charging the entire amount of the cost object to: a) Cost unit b) Cost centre c) Both (a) and (b) above d) None of the above	**2**	**2**
iii.	______ is the cost that changes proportionately with a change in given level activity: a) Fixed cost b) Variable cost c) Joint cost d) Semi-variable cost	**2**	**1**
iv.	Break-even analysis is a costing tool that helps executives in: a) Cash planning b) Profit planning c) Credit Planning d) None of the above	**2**	**1,2**
v.	A decrease in sales price: a) Does not affect the BEP b) Lowers the BEP c) Increases the BEP d) None of the above	**2**	**3**
vi.	The investment centre is a centre where a manager is held responsible for: a) Profit b) Assets c) Both (a) and (b) above d) None of the above	**2**	**1,2,3**
vii.	Standards that are set at the level of maximum efficiency representing conditions that can seldom if ever be attainable fall within the scope of:	**2**	**1,2**

	a) Normal standard b) Ideal standard c) Basic standard d) Below par standard		
viii.	A variance represents the difference between an actual cost and its corresponding standard costs of: a) Material b) Labour c) Overheads d) All of the above	**2**	**2**
ix.	Budgetary control helps the firms to: a) Minimize costs b) Maximize profits c) Attain business goals d) All of the above	**2**	**1**
x.	A plan that expresses only one level of estimated activity or volume is called: a) Flexible budget b) Fixed budget c) Operating budget d) None of the above	**2**	**1,2**

SECTION B

(5*4=20 Marks)

Note: Attempt any four questions. Each question carries 5 marks.

Q2.	What is Zero Based Budgeting? How is it different from traditional budgeting?	**5**	**1,2**
Q3.	What are the important objectives of cost accounting? Explain in brief.	**5**	**1**
Q4.	What is standard costing? Briefly explain the advantages of standard costing.	**5**	**1,2**
Q5.	India Machines Ltd. is a leading manufacturer of electric machines in the country. Following cost information is related to a component of machine that is manufactured by this company and used as an input in its machines:	**5**	**3,4**

Particulars	Total Cost (For 10000 Units)
Direct Material	Rs. 80,000
Direct Labour	Rs. 60,000
Applied Variable Factory Overhead	Rs. 90,000
Applied Fixed Factory Overhead	Rs. 90,000

The same component can be purchased by the company from a vendor at a price of Rs. 37 per unit.

Should the company purchase this product from the vendor or continue making it?

Q6.	ABC Ltd. manufactures and sells three products i.e. A, B and C. Calculate Sales Mix Variance for the company with the help of following data: Product | Standard No. of Units | Standard Price Per Unit (Rs) | Amount (Rs) | Actual No. of Units | Actual Price (Rs.) | Amount (Rs.) A | 10000 | 5 | 50000 | 12000 | 6 | 72000 B | 8000 | 6 | 48000 | 10000 | 5 | 50000 C | 6000 | 7 | 42000 | 8000 | 8 | 64000	**5**	**4**
Q7.	A company has sold 80,000 units in the year 2017. During this year the total fixed cost of the company was Rs. 2,50,000. Variable cost was Rs. 18 per unit and selling price was Rs. 25 per unit. Calculate the margin of safety.	**5**	**3**

SECTION-C
(10*3=30 Marks)

Note: Attempt any three questions. Each question carries 10 marks.

Q8.	What do you mean by the terms 'Budget' and 'Budgetary Control'? Explain important types of budget with the help of suitable examples.	**10**	**3**
Q9.	What do you mean by the term 'Break-Even Point'? Discuss BEP Analysis as an important technique of CVP Analysis.	**10**	**2**
Q10.	ABC Ltd. manufactures a product that requires five different input materials. Following information is available about these materials: (see table below) Calculate the following with the help of given information: a) Material Cost variance b) Material Price Variance c) Material Usage Variance	**10**	**4**
Q11.	The expenses for the production of 5,000 units in Modern Manufacturing Company Ltd. are as follows: **Particulars** **Amount Per Unit (Rs.)**	**10**	**5**

Q10 table:

	Standard		Actual	
	Quantity (kg)	Unit price (Rs.)	Quantity (kg)	Unit price (Rs.)
Material A	8	1.00	6	3
Material B	7	2.00	9	2
Material C	6	4.00	8	4
Material D	5	2.00	4	2.50
Material E	3	1.00	2	3.50

	Materials 50 Labour 20 Variable Overhead 15 Fixed Overhead (Rs. 50,000) 10 Administrative Expenses (5% Variable) 10 Selling Expenses (20% fixed) 6 Distribution Expenses (10% fixed) 5 Total Cost of Sales per Unit 116 Prepare a budget for the production of 7,000 units and 9,000 units.		
Q12.	XYZ Ltd. is an Indian company which manufactures a single product. Currently, it utilizes 50% of its capacity and sells all its output in India at a price of Rs. 40 per unit. Following costing information is available about the company: i. No. of products manufactured and sold - 15,000 ii. Wages - Rs. 50,000 iii. Materials - Rs. 75,000 iv. Fixed cost - Rs. 25,000 v. Variables cost - Rs. 7,500 A French company has given a proposal to XYZ Ltd. to buy 5000 units of its product at a price of Rs. 18 per unit. Selling these products to this French company would cost additional Rs. 2.5 per unit to XYZ Ltd. What would be your suggestion to XYZ Ltd. regarding acceptance of this proposal? What would be your suggestion to XYZ Ltd. if the French company offers a price of: i. Rs. 24 per unit ii. Rs. 15 per unit	**10**	**5**
SECTION-D **(15*2=30 Marks)** **Note: Attempt any two questions. Each question carries 15 marks.**			
Q13.	'Management accounting is the presentation of accounting information for assisting managerial decision making". Comment. Differentiate between Management Accounting, Cost Accounting and Financial Accounting with the help of suitable examples.	**15**	**1,2**
Q14.	Bhartiyam Fans Ltd. is an important player in its industry. It produces fans for variety of users. Following cost data is available about its product: i. Selling price per unit - Rs.1000/- ii. Variable cost per unit - Rs.460/- iii. Fixed cost per annum - Rs. 10,00,000/- Calculate the following for the company: (a) P/V ratio (b) Break Even Point in Units as well as in rupees (c) Sales required to earn a profit of Rs. 2,50,000	**15**	**1,2,3**

	(d) Profit earned by the company if the company generates sales of Rs. 50,00,000 (e) New Break Even Point if the selling price is reduced by 20% by the management of the company due to competitive pressure		
Q15.	Delhi Paper Mills is a well-established organisation in the area of paper manufacturing. It manufactures all types of papers. It manufactures a special paper for its industrial customers and the costing information related to manufacturing of this paper for the year ending on March 31, 2018 is as follows: i. Direct Material: Paper Pulp – 500 tons @ Rs. 300 per ton Other Materials - 200 tons @ Rs.200 per ton ii. Direct Labour: 100 Skilled Men @ Rs. 30 per day for 25 days 100 Unskilled Men @ Rs. 20 per day for 25 days iii. Direct Expenses: Special Equipment – Rs. 50,000 Special Dyes – Rs. 20,000 iv. Works/ Factory Overhead: Variable @ 100 per cent and fixed @ 50 per cent on direct wages v. Administrative overhead @ 20 per cent of factory cost vi. Selling and Distribution Overhead@ 10 per cent on works cost vii. 500 tons of special paper was manufactured and sold @Rs. 3,000 per ton during the mentioned time period. The scrap value of the special equipment and dyes after utilization in manufacture is nil. Prepare the cost sheet for the given time period (Total as well as per unit basis) and find out the followings: i. Prime Cost ii. Work Cost iii. Cost of Production iv. Cost of Sale v. Profit	**15**	**4**