

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: Cost and Management Accounting

Semester: 3rd Semester

Program: MBA Gen

Time: 03 Hours

Course code: FINC 8006

Max. Marks: 100

Instructions:

SECTION A

(20 Marks)

Q1	Material consumed is Rs. 5,00,000 Opening stock of raw material is Rs. 50,000 and Closing stock of raw material is Rs. 25,000. What is the cost of raw material purchased? A. Rs. 4,50,000. B. Rs. 4,75,000. C. Rs. 5,25,000. D. Rs. 5, 50,000.	2 Marks	CO3
Q2	EOQ stands for_____ A. Economic Order Quantity. B. Essential Order Quantity. C. Economic Output Quantity. D. Essential Output Quantity	2 Marks	CO2
Q3	Fixed cost is a cost: (a) Which changes in total in proportion to changes in output (b) which is partly fixed and partly variable in relation to output (c) Which do not change in total during a given period despite changes in output (d) which remains same for each unit of output	2 Marks	CO1
Q4	Scrap is _____. A. residue of material. B. wastage of material. C. surplus material. D. abnormal loss of material.	2 Marks	CO1
Q5	A flexible budget is prepared for a _____. A. One level of activity. B. Range of activities. C. Two level of activity. D. Three level of activity.	2 Marks	CO2
Q6	Budgetary control ends with _____. A. Planning. B. Organizing C. Budgeting. D. Control	2 Marks	CO2
Q7	Selling price per unit Rs. 10; Variable cost Rs. 8 per unit; Fixed cost Rs. 20,000; Break-even production in units_____. A. 10,000. B. 16,300. C. 2,000. D. 2,500.	2 Marks	CO3
Q8	Basic objectives of cost accounting is _____. A. tax compliance. B. financial audit. C. cost ascertainment. D. profit analysis	2 Marks	CO2
Q9	Cost accounting differs from financial accounting in respect of A. Recording cost B. Ascertaining cost C. Control of cost D. Reporting of cost	2 Marks	CO2
Q10	Prime cost includes. A. direct materials, direct wages and indirect expenses . B. indirect materials and indirect labour and indirect expenses. C. direct materials, direct wages and direct expenses. D. direct materials, indirect wages and indirect expenses.	2 Marks	CO2

SECTION B

(20 Marks)

Attempt any four questions

Q1	Explain the importance of Cost Accounting in decision-making.	5 marks	CO2
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Q2	“All Fixed Cost are sunk Cost”. Do you agree? Explain with suitable examples.	5 marks	CO1
Q3	Elaborate the concept of normal loss, abnormal loss and abnormal gain and state how they are dealt with in process cost accounts.	5 marks	CO2
Q4	Examine the relationship between Cost, Management and Financial Accounting.	5 marks	CO1
Q5	Discuss the scope and functions of Management Accounting.	5 marks	CO2

SECTION-C **(30 Marks)**
Attempt any three questions

Q1	<p>The information regarding the composition and the weekly wage rates of labour force engaged on a job schedule to be completed in 3 weeks are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Category of Workers</th> <th colspan="2">Standard</th> <th colspan="2">Actual</th> </tr> <tr> <th>No. of Workers</th> <th>Weekly Rate per worker</th> <th>No. of Workers</th> <th>Weekly Rate per worker</th> </tr> </thead> <tbody> <tr> <td>Skilled</td> <td style="text-align: center;">75</td> <td style="text-align: center;">60</td> <td style="text-align: center;">70</td> <td style="text-align: center;">70</td> </tr> <tr> <td>Semi-skilled</td> <td style="text-align: center;">45</td> <td style="text-align: center;">40</td> <td style="text-align: center;">30</td> <td style="text-align: center;">50</td> </tr> <tr> <td>Unskilled</td> <td style="text-align: center;">60</td> <td style="text-align: center;">30</td> <td style="text-align: center;">80</td> <td style="text-align: center;">20</td> </tr> </tbody> </table> <p>The worker was completed in 32 weeks. Calculate various labour variances</p>	Category of Workers	Standard		Actual		No. of Workers	Weekly Rate per worker	No. of Workers	Weekly Rate per worker	Skilled	75	60	70	70	Semi-skilled	45	40	30	50	Unskilled	60	30	80	20	10 marks	CO3
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Unskilled	60	30	80	20																							
Q2	<p>Explain the concept of budget and standard costing. How does budget serve as an instrument of control?</p> <p style="text-align: center;">Or</p> <p>Elaborate the different tools of Management Accounting for analyzing a business position.</p>	10 marks	CO2																								
Q3	<p>A firm has a fixed cost of Rs 50,000, Selling price Rs 50 per unit and Variable cost Rs 25 per unit. Present level of production is 3500 units.</p> <p>i) Calculate Break-even point in terms of number of units and also sales volume</p> <p>ii) Calculate Margin of Safety</p> <p>iii) What is the change in break-even point and margin of safety if fixed cost is increased from Rs 50,000 to Rs 60,000?</p>	10 marks	CO3																								
Q4	<p>The Modern manufacturer furnishes the following information relating to the manufacturing of a product during the month of October 2016:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Raw Material consumed</td> <td style="text-align: right;">Rs 15,000</td> </tr> <tr> <td>Direct Labour charges</td> <td style="text-align: right;">Rs 9,000</td> </tr> <tr> <td>Machine hour worked</td> <td style="text-align: right;">900</td> </tr> <tr> <td>Machine hour rate</td> <td style="text-align: right;">Rs 5</td> </tr> <tr> <td>Administrative overheads</td> <td style="text-align: right;">20% of work cost</td> </tr> <tr> <td>Selling overheads</td> <td style="text-align: right;">Re 0.50 per unit</td> </tr> <tr> <td>Units produced</td> <td style="text-align: right;">17,100</td> </tr> <tr> <td>Units sold</td> <td style="text-align: right;">16,000 @ Rs 4 per unit</td> </tr> </table> <p>You are required to prepare a cost sheet from the above showing :</p> <p>a) Cost of production per unit</p> <p>b) Profit for the period and Profit per unit</p>	Raw Material consumed	Rs 15,000	Direct Labour charges	Rs 9,000	Machine hour worked	900	Machine hour rate	Rs 5	Administrative overheads	20% of work cost	Selling overheads	Re 0.50 per unit	Units produced	17,100	Units sold	16,000 @ Rs 4 per unit	10 marks	CO4								
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SECTION-D

(30 Marks)

Attempt both questions

<p>Q1</p>	<p>From the following budgeted figures prepare a cash budget in respect of three months upto June</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center">Sales</th> <th align="center">Material</th> <th align="center">Wages</th> <th align="center">Overheads</th> </tr> </thead> <tbody> <tr> <td>January</td> <td align="right">1,60,000</td> <td align="right">1,20,000</td> <td align="right">21,000</td> <td align="right">7,200</td> </tr> <tr> <td>February</td> <td align="right">1,56,000</td> <td align="right">1,40,000</td> <td align="right">21,600</td> <td align="right">7,600</td> </tr> <tr> <td>March</td> <td align="right">1,64,000</td> <td align="right">1,50,000</td> <td align="right">22,000</td> <td align="right">7,800</td> </tr> <tr> <td>April</td> <td align="right">1,80,000</td> <td align="right">1,06,000</td> <td align="right">22,400</td> <td align="right">7,200</td> </tr> <tr> <td>May</td> <td align="right">1,84,000</td> <td align="right">1,42,000</td> <td align="right">23,000</td> <td align="right">8,600</td> </tr> <tr> <td>June</td> <td align="right">1,76,600</td> <td align="right">1,40,000</td> <td align="right">24,000</td> <td align="right">8,000</td> </tr> </tbody> </table> <p>Expected Cash Balance on 1st April Rs 40,000</p> <ol style="list-style-type: none"> Material and overheads are to be paid during the month following the month of supply Wages are to be paid during the month in which they are incurred Preference dividend Rs 40,000 are to be paid on 1st May Share call money for Rs 20,000 each is due on 1st April and 1st June Plant and machinery worth Rs 20,000 is to be installed in the month of January and the payment is to be made in the month of June 50% of credit sales are to be received in the month following sales and the remaining in the next month. 		Sales	Material	Wages	Overheads	January	1,60,000	1,20,000	21,000	7,200	February	1,56,000	1,40,000	21,600	7,600	March	1,64,000	1,50,000	22,000	7,800	April	1,80,000	1,06,000	22,400	7,200	May	1,84,000	1,42,000	23,000	8,600	June	1,76,600	1,40,000	24,000	8,000	<p>15 marks</p>	<p>CO3</p>
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<p>Q2</p>	<p>The product of ABC Ltd passes through three distinct processes for completion. From past experience it is ascertained that normal wastage in each process is as under:</p> <p>Process A 2% wastage Sale Value of wastage per unit is Rs 0.25 Process B 4% wastage Sale Value of wastage per unit is Rs 0.50 Process C 2.5% wastage Sale Value of wastage per unit is Rs 0.60</p> <p>The expenses were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center">Process A</th> <th align="center">Process B</th> <th align="center">Process C</th> </tr> </thead> <tbody> <tr> <td>Material</td> <td align="right">Rs 12,000</td> <td align="right">Rs 10,000</td> <td align="right">Rs 9,000</td> </tr> <tr> <td>Direct Labour</td> <td align="right">16,000</td> <td align="right">5,000</td> <td align="right">4,900</td> </tr> <tr> <td>Manufacturing Exp</td> <td align="right">2,000</td> <td align="right">3,400</td> <td align="right">3,590</td> </tr> <tr> <td>Other Factory Exp</td> <td align="right">3,500</td> <td align="right">2,005</td> <td align="right">2,004</td> </tr> </tbody> </table> <p>4000 units were introduced in Process A at a cost of Rs 13,500. The output of each process was Process A 3850 Process B 3600 units Process C 3500 units. Prepare Process Accounts.</p>		Process A	Process B	Process C	Material	Rs 12,000	Rs 10,000	Rs 9,000	Direct Labour	16,000	5,000	4,900	Manufacturing Exp	2,000	3,400	3,590	Other Factory Exp	3,500	2,005	2,004	<p>15 marks</p>	<p>CO4</p>															
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