PG (Even) Semester Examination, 2023

BUSINESS ADMINISTRATION

(2nd Semester)

Course No.: CP-202 (O)

(Management Accounting & Control)

Full Marks: 70
Pass Marks: 28

Time: 3 hours

The figures in the right margin indicate full marks for the question.

1. (a) Distinguish between cost accounting management accounting and financial accounting. 7

   (b) Cost records of Skylark Ltd. present the following information : 7

	01.09.2022 (₹)	30.09.2022 (₹)
Raw Material	1,00,000	1,23,500
Finished Goods	71,500	42,000
Work-in-progress	31,000	34,500
Transactions during the month of Sep'22		
Purchases of Raw Material		88,000
Direct Wages		70,000
Work Expenses		39,500
Administrative Expenses		13,000
Sale of Factory Scrap	2,000	
Selling & Distribution Expenses		15,000
Sales	2,84,000	

Prepare a cost-sheet for the month of Sep'23.

2. (a) A batch of 600 units was introduced in a process at ₹20 per unit, 500 units were completed and transferred to the finished goods stores. The normal process loss was 20% of the input, and the scracp is normally sold to a contractor at ₹3 each. The labour and overhead expenditure, incured in the process amounted to ₹600. You are required to prepare the process Account showing clearly all the calculations. 6

(b) Distinguish between By-Product and Joint Product with example. 3

(c) What is EOQ? How is it calculated? 3

(d) Mention the ways by which overhead can be classified. 2

Or

3. (a) Prantice Construction Ltd. undertook a contract in 2022 for construction of a road. The contract price was ₹10,00,000 and its estimated cost of completion would be ₹9,20,000. At the end of 2022, the company has received ₹3,60,000 representing 90% of work certified, work not yet certified had cost ₹10,000. Expenditure increased on the contract during 2022 was as follows :

Materials- ₹50,000, Labour- ₹3,00,000, Plant- ₹20,000.

Materials costing ₹5,000 were damaged and had to be disposed off for ₹1,000. Plant is considered as having depreciated by 25%. Prepare contract A/C.

Year	Sales (₹)	Profit (₹)
2022	1,50,000	20,000
2023	1,70,000	25,000

You are required to calculate -

(i) P/V ratio

(ii) Break-Even Point

(iii) The sales required to earn a profit of ₹40,000

7. 80 kgs of materials A at a standard price of ₹2 per kg and 40 kgs of materials B at a standard price of ₹5 per kg were to be used to manufactured 100 kg of a chemical.

During a months 70 kgs of material A priced at ₹2.10 per kg and 50 kgs of materials B priced at ₹4.50 per kg were actually used and the output of the chemical was 102 kgs. Find the materials variances.

Or

8. (a) Explain the importance of variance analysis. 4

(b) Distinguish between current standard and basic standard. 2

(c) Enumerate the cause of variance. 4

(d) Calculate labour cost and efficiency variance if the standard rate of wages per hour = ₹10, standard hours = 300, actual hours= 200 and actual rate of wages per hour= ₹12. 4

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(b) Give example to justify the reasons for differences in profit as per cost accounting and financial accounting. 2+2

4. (a) Distinguish between- 2+2

(i) Fixed and Flexible budget

(ii) Standard Costing and Budgetary Control

(b) For production of 10,000 automatic fans, the following are bugeted expenses :

	Per unit (₹)
Direct materials	60
Direct labour	30
Variable Overheads	25
Fixed Overheads (₹1,50,000)	15
Selling expenses (10% fixed)	15
Variable expenses (direct)	5
Administrative expenses (₹50,000 fixed for all levels of production)	5
Distributions expenses 20% fixed	5
Total cost of sale per unit	160

Prepare flexible budget for production of 7000 & 80000 fans. 10

5. (a) Explain the differences between Absortion costing and marginal costing. State the limitations of both the types of costing. 6

(b) The following data are available in respect of product X produced by Noonmati Co Ltd. Sales ₹70,000; direct materials- ₹30,000; direct labour- ₹15,000, variable ohd- ₹7,000; fixed ohd- ₹10,000.

The company now proposes to introduce a new product Z so that sales may be increased by ₹30,000. There will be no increase in fixed cost and the estimated variable cost of product Z are material- ₹15,000; labour- ₹7,000; Ohd- ₹5,500. Advise whether product Z will be profitable or not. 8

Or

6. (a) What is C.V.P. analysis? 2

(b) During the particular period two business houses earned the same revenue and profit: 2+2+2

	Business House A (₹'lakhs)	Business House B (₹'lakhs)
Cost :		
Variable	7	3
Fixed cost	3	7
	10	10
Profit	5	5
Sales	15	15

(i) Calculate for both A and B. (a) Margin of safety (₹) as well as percentage of sales and (b) the sales volume at which the profit will be ₹9 lakhs.

(ii) What conlcusion you derive from the above calculations?

(c) The sales turnover and profit during two years were as follows : 2+2+2