SUNDARBAN MAHAVIDYALAYA
INTERNAL EXAMINATION 2020

COST AND MANAGEMENT ACCOUNTING – II (CC 4.2 Ch)

Full Marks: 50

Group – A

(Answer any two questions)

(15 x 2 =30)

1. A manufacturing company manufactures three products – X, Y and Z. The following information in respect of manufacture and sale of these three products are available:

(a) Joint costs: Rs. 12,600

(b) Post-split-off costs: X – Rs. 8,000; Y – Rs. 4,000; Z – Rs. 3,000

(c) Sale price: X – Rs. 16,000; Y – Rs. 12,500; Z – Rs. 10,000

(d) Estimated profit on sales: X – 25%, Y – 20%, Z – 30%

Apportion the joint costs using most suitable method. 15

2. What do you mean by Activity Based Costing? Write down the steps in Activity Based Costing. 5+10

3. A factory is working at 40% capacity and produces 10,000 units per annum.

The present cost break-up for one unit is under:

Material cost	Rs. 10
Labour cost	3
Overheads	5 (60% fixed)

The selling price is Rs. 20 per unit.
At 90% capacity, the selling price falls by 5%, accompanied by a similar fall in the price of material.

Calculate the profit at 90% capacity. 15

4. A company is operating at 50% capacity level producing 2,000 units of output which are totally sold in the home market at a price of Rs. 50 per unit. The cost of each unit of output is given below:

	Rs.
Direct materials	15
Direct wages	10
Manufacturing overhead (20% fixed)	5
Administration overhead (fixed)	4
Selling and distribution overhead (50% fixed)	6

Total cost	40

It receives an order from the foreign market for 2,000 units at Rs. 35 per unit. The additional distribution cost for export is Re. 1 per unit. Is the foreign market worth trying? 15

Group – B

(Answer any one question)

(20 x 1 = 20)

5. The following figures are related to HPL Limited:

	Total Sales	Total Cost
	Rs.	Rs.
Year ended 31st March 2019	22,23,000	19,83,600
Year ended 31st March 2020	24,51,000	21,43,200

You are required to calculate:

(i) Profit-volume ratio; (ii) Fixed Cost; (iii) Break-even point; (iv) Margin of safety for two years. 20

6. From the following information, prepare a cash budget for three months ending 30th September 2020:

A.

Months	Sales	Materials	Wages	Overhead
	Rs.	Rs.	Rs.	Rs.
May	56,000	19,200	6,000	3,400
June	60,000	18,000	6,000	3,800
July	64,000	18,400	6,400	4,000
August	68,000	20,000	7,200	4,400
September	72,000	20,800	8,000	4,600

B. 10% of sales are made in cash.

C. Credit terms are:

(i) Debtors: 50% of the credit sales are collected in the next month and the balance in the following month.

(ii) Creditors: Raw material 1 month, Wages ½ month, Overhead ¼ month.

D. Balance of cash on July 1, 2020 Rs. 17,200. 20

7. (a) The standard mixture of material A and B for a certain period is specified as follows:

Material A: 120 tons @ Rs. 5 per ton

Material B: 80 tons @ Rs. 10 per ton

A loss of 10% is expected.

During the period 275 tons of output were produced. Actual use of materials for the period was as follows:

Material A: 200 tons @ Rs. 6 per ton

Material B: 100 tons @ Rs. 8 per ton.

Calculate: (i) Material Cost Variance; (ii) Material Price Variance; (iii) Material Mix Variance; (iv) Material Yield Variance. 3+4+4+4

(b) From the following data calculate: (i) Labour Cost Variance; (ii) Labour Rate Variance; (iii) Labour Efficiency Variance.

	Standard	Actual
Working hours	5,000	5,200
Wage rate per hour	Rs. 10	Rs. 9.50

1+2+2