[This question paper contains 4 printed pages.]

Your Roll No...............

Sr. No. of Question Paper : 5134 **H**

Unique Paper Code	:	2922061201
Name of the Paper	:	Cost and Management Accounting
Name of the Course	:	**Bachelor of Management Studies (BMS)**
Semester	:	II

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. **All** questions carry equal marks.
3. Attempt any **Five** questions.

1. (a) Nishant Ltd. Manufactures a document reproducing machine which has a variable cost structure as follows

Material	Rs. 40
Labour	Rs. 10
Overhead	Rs. 4

And selling price of Rs. 90.

Sales during the year are expected to be ₹13,50,000 and fixed cost ₹1,40,000. Under a wage agreement, an increase of 10% is payable to all direct workers from the beginning of the forthcoming year, whilst material cost are to be expected to increase by 7.5%, variable overhead costs by 5% and fixed overhead cost by 3%.

You are required to calculate:

(i) The new selling price if the current P/ V ratio is to be maintain

(ii) The quantity to be sold during the forthcoming year to yield the same amount of profits as the current year assuming the selling price to remain at ₹90. (15)

(b) Explain how the analysis of costs into fixed and variable components is used in planning control and decision-making techniques used in management accounting. (3)

2. (a) Prepare a cost sheet to show the total cost and cost per unit of goods manufactured by m/s. Corona Enterprises for the month of January 2022. Also, find out the cost of sales.

Particulars	Amount (₹)
Stock of raw material (1.1.2022)	4,000
Stock of raw material (31.1.2022)	5,500
Raw material purchased	29,000
Manufacturing wages	8,000
Depreciation on plant	1,500
Factory rent and rates	4,000
Office rent	1,000
General expenses	1,200
Sales discount	1,000
Advertising expenses	5,000

The number of units produced during the month was 4,000. The stock of finished goods was 300 and 400 units on 1.1.2022 and 31.1.2023 respectively. The total cost of units in hand on 1. 1.2022 was Rs. 3,900. All these had been sold during the month. (15)

(b) Briefly explain the limitations of financial accounting. (3)

3. (a) The cost of an article at a capacity level of 5000 units is given under column A below. For a variation of 20% in capacity above or below this level, the individual items vary as indicated under column B below.

Particulars	Column – A (In Rupees)	Column -B
Material Cost	25000	100% Varying
Labour Cost	15000	100% Varying
Power	1250	80% Varying
Repairs and Maintenance	2000	75% Varying
Stores	1000	100% Varying
Inspection	500	20% Varying
Depreciation	10000	100% Varying
Admin Overheads	5000	25% Varying
Selling Overheads	3000	25% Varying
Cost per Unit	Rs. 12.55	

Find the unit cost of the product at production levels of 4000 Units and 6000 Units. (15)

(b) What is cash budget? Briefly explain the importance of cash budget in budgetary control. (3)

4. (a) From the following particulars, find the most profitable product mix and prepare a statement of profitability of the product mix.

	Product A	Product B	Product C
Units budgeted to be produced and sold	1800	3000	1200
Selling price per unit (Rs.)	60	55	50
Direct Material per unit	5 Kgs	3 Kgs.	4 Kgs.
Direct Labor per unit	4 Hrs.	3 Hrs.	2 Hrs.
Variable Overheads per unit	Rs. 7	Rs. 13	Rs. 8
Fixed Overheads ≠ (per unit)	Rs. 10	Rs. 10	Rs. 10
Cost of direct material per kg.	Rs. 4	Rs. 4	Rs. 4
Direct labor hour rate	Rs. 2	Rs. 2	Rs. 2
Maximum Possible Unit Sales	4000 Units	5000 Units	1500 Units

All the three products are produced from the same direct material using the same type of machine and labor. Direct labor which is the key factor is limited to 18600 hours.

(# Fixed Overheads are to be calculated on the basis of units budgeted to be produced and sold) (15)

(b) Difference between relevant costs and irrelevant costs. (3)

5. (a) The details regarding the composition and the weekly waae rates of labor force engaged on a job scheduled to be completed in 30 weeks are as follows:

Category of workers	Standard		Actual	
	No. of labors	Weekly wage rate per labor	No. of labors	Weekly wage rate per labor
Skilled	75	60	70	70
Semi-Skilled	45	40	30	50
Unskilled	60	30	80	20

The work is actually completed in 32 weeks. Calculate various labor variances. (15)

(b) Briefly describe quality costing. (3)

6. Write Short Notes on **Any Three** (3×6=18)

(i) Advantages of Management Accounting

(ii) Life Cycle Costing

(iii) Cost Reduction and Cost Management

(iv) Activity Based Costing

(v) Marginal Costing and Marginal Cost Equation

(1000)