**NCRD's Sterling Institute of Management Studies,**
**Nerul, Navi Mumbai**

**SEMESTER END EXAMINATION MMS SEM II April 2017**

**Subject: Cost and Management Accounting**

**Date: 24/11/2017**
**Day: Monday** **Time: 11am to 2.00 pm**
**Roll No:** **Marks: 60 Marks**

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**Instructions:**

1. **Question No. 1 is compulsory. (Total 20 Marks)**
2. **Attempt Any Four Questions from the Rest. (Total 40 Marks)**

**Q.1)** From the books of accounts of Viburaj Enterprises the following details have been extracted for the year ended 31st March, 2014 **(15M)**

| *Particulars* | *Amount* |
|---|---|
| Corporate manager salary | 11,10,000 |
| Rent of plant | 1,27,500 |
| Sale of defective raw material | 8,500 |
| Hire charges of special equipment | 57,000 |
| Office rent | 84,700 |
| Purchase of Raw material | 4,85,230 |
| Carriage Inwards | 24,325 |
| Indirect Materials | 2,35,600 |
| Office Expenses | 41,000 |
| Insurance Premium for stock of raw material | 22,600 |
| Insurance Premium for computer | 12,700 |
| Insurance Premium for Delivery van | 11,500 |
| Opening stock of raw material | 78,175 |
| Closing stock of raw material | 76,230 |
| Sale of factory Scrap | 16,800 |
| Carriage Outward | 1,10,000 |
| Depreciation on Delivery van | 28,000 |
| Depreciation on computer | 87,300 |
| Salaries to office staff | 1,15,300 |
| Salaries to Drawing and Designing department | 1,85,700 |
| Opening work in progress | 94,300 |
| Closing work in progress | 96,500 |
| Brand Ambassador Remuneration | 4,80,000 |
| Direct Wages - Skilled Labour | 3,15,500 |
| - Unskilled Labour | 1,24,500 |
| Cost of catalogue Printing | 57,500 |
| Opening Stock of Finished Goods | 6,40,000 |
| Closing stock of finished goods | 7,50,000 |
| Repairs to Delivery Van | 35,500 |

***Other Information:***

1. The corporate Manager's salary to be apportioned between the factory and the office in the ratio of 1:9

2. Selling price is 120% of Cost price
From the above details prepare Cost Sheet showing various elements of cost

**Q.1.b)** Classify the following costs on the basis of functions: **(5M)**

1) Purchase of Materials 2) Rent 3) Salaries 4) Work's Manager Salary 5) Showroom Expenses 6) Audit Fees 7) Depreciation on Delivery Van 8) Depreciation on Machinery 9) Direct Wages 10) Printing & Stationery

**Q.2)** Prakash Automobiles Distributes its goods to regional dealer using a single lorry. The dealer's Premises are 40km away by road. The lorry has a capacity of 10 tonnes and makes the journey twice a day fully loaded on the outward journeys and empty on return journey. The following information is available for a Four Weekly Period. **(10M)**
During the year 2001:

| | |
|---|---|
| Petrol Consumption | 8km.per litrer |
| Petrol Cost | Rs.13 per Litre |
| Oil | Rs.100 per Week |
| Driver's Wages | Rs.400 per Week |
| Repairs | Rs.100 per Week |
| Garage Rent | Rs.150 per Week |
| Cost of lotty (Excluding tyres) | Rs.4,50,000 |
| Life of lorry | 80,000km |
| Insurance | Rs.Rs.6,500 per annum |
| Cost of tyres | Rs.6,250 |
| Life of tyres | 25,000km |
| Estimated sale value of lorry at end of its life | Rs.50,000 |
| Vehicle licence Cost | Rs.1,300 per annum |
| Other overhead Cost | Rs.41,600 per annum |

The lorry operates on a five day week

**Required:**
**(a)** A statement to show the total cost of operating the vehicle for the four weekly period analysed into running costs and fixed costs
**(b)** Calculate vehicle cost per kilometre and per tonne kilometre

**Q.3)** Y Ltd manufactures a chemical product which passes through three processes. The cost records shows the following particulars for the year ended 30th June, 2014. **(10M)**
Input to Process I 20,000 units @Rs.28 per unit

| *Particulars* | *Process I* | *Process II* | *Process III* |
|---|---|---|---|
| Materials | 48,620 | 1,08,256 | 1,03,345 |
| Labour | 32,865 | 84,553 | 77,180 |
| Expenses | 2,515 | 10,588 | 16,275 |
| Normal Loss | 20% | 15% | 10% |
| Scrap Value per unit | 1 | 2 | 3 |
| Actual Output(Units) | 18,000 | 16,000 | 15,000 |

Prepare Process Accounts, Abnormal Gain/Loss Account. Also show process cost per unit for each process

**Q.4.a)** From the following particulars, you are Required to calculate: **(5M)**
(i) Fixed Cost

(ii)Profit Volume Ratio
(iii)Break Even Sales
(iv) Sales to earn Profit of Rs.6,00,000
(v) Margin of Safety of the year 2012.

| Particulars | 2012(Rs.) | 2013(Rs.) |
|---|---|---|
| Total Cost | 12,96,000 | 18,72,000 |
| Sales | 14,40,000 | 21,60,000 |

**Q.4.b)** From the following data find out (i) Sales and (ii) New Break-Even sales, if selling price is reduced by 10%. **(5M)**

| Particulars | Amount |
|---|---|
| Fixed Cost | 4,000 |
| Break-even sales | 20,000 |
| Profit | 1,000 |
| Selling price per unit | 20 |

**Q.5.a)** A manufacturing concern which has adopted standard costing furnishes the following information **(5M)**

(1) Standard Materials for 70kg. Finished Products, 100kg
(2) Standard price of material Rs.1 per kg
(3) Actual output 2,10,000 kg.
(4) Actual material used 2,80,000kg
(5) Cost of material Rs.2,52,000
Calculate:
(1) Material usage variance (2) Material price variance (3) Material cost variance

**Q.5.b)** From the following calculate- Labour Variances: **(5M)**

| | |
|---|---|
| Standard Hours for 6 units | - 42 hours |
| Standard Rate per unit | - Rs.5.60 |
| Actual Production | - 2,100 units |
| Actual Hours | - 14,500 hours |
| Actual rate per Hour | - Rs.0.85 |

**Q.6)** Calculate all labour variances from the following data. **(10M)**

| | Standard | | Actual | |
|---|---|---|---|---|
| | Hours | Hourly Rate | Hours | Hourly Rate |
| Skilled labour | 2,880 | 20 | 1,760 | 25 |
| Semi-skilled labour | 1,920 | 10 | 2,640 | 5 |
| Total | 4,800 | | 4,400 | |
| output | 108kg | | 90kg | |

**Q.7)** Explain any two of the following Overheads in brief: **(10M)**

i) Selling & Distribution Overheads
ii) Production Overheads
iii) Office & Admin Overheads