

2024

COST AND MANAGEMENT ACCOUNTING-II — HONOURS**Paper : CC-4.2 Ch****Full Marks : 80***The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.***Group - A**

1. ChemCor Ltd. processes crude material into three products : P, Q and R. During a particular month, the joint costs of processing were ₹ 3,60,000. Production and sales value information for the month were as follows :

Product	Units Produced	Sales Value at Split Off Point
P	9000 ltrs	₹ 90,000
Q	9000 ltrs	₹ 75,000
R	4500 ltrs	₹ 37,500

Apportion the Joint Costs using suitable method.

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Or,

Explain any one method of accounting for by-product in processing industries.

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2. HiPerform Ltd. has annual fixed costs of ₹ 20,00,000. In 2023, sales amounted to ₹ 60,00,000 as compared with ₹ 45,00,000 in 2022 and profit in 2023 was ₹ 6,00,000 higher than in 2022.

(a) At what level of sales does the company break-even?

(b) Determine profit or loss at a sales volume of ₹ 75,00,000.

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Group - B

3. Prepare a Cash Budget for the quarter ending on 30.09.2024 from the following information relating to a manufacturing unit :

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Month	Sales(₹)	Purchases(₹)	Wages(₹)	Other Expenses (₹)
May	2,00,000	1,10,000	12,000	7,000
June	1,60,000	1,40,000	10,000	7,000
July	1,40,000	90,000	7,500	5,500
August	1,60,000	85,000	10,000	8,000
September	1,30,000	1,10,000	13,000	11,500

Please Turn Over

- (i) Expected Cash in hand and at Bank on 1st July- ₹ 15,000.
- (ii) 25% of sales are realised in the month of Sales, balance realised equally in two subsequent months.
- (iii) 10% of Purchases are made in Cash.
- (iv) Period of credit allowed to customers- 1 month.
- (v) Wages and other expenses are paid in next month.
- (vi) Income Tax payable in the month of September- ₹ 10,000.

Or,

- (a) Distinguish between Budget and Budgetary Control.
- (b) Write a note on Flexible Budget.

5+5

4. Star Ltd. provides the following information :

For making 10 kgs of product 'X', standard material requirement is :

Material	Quantity (kgs)	Price per kg (₹)
A	8	6.00
B	4	4.00

During April, 2024; 1000 kgs of product 'X' were produced. The actual consumption of material is as under :

Material	Quantity (kgs)	Price per kg (₹)
A	750	7.00
B	500	5.00

Calculate –

- (a) Material cost variance
- (b) Material price variance
- (c) Material usage variance
- (d) Material mix variance
- (e) Material yield variance.

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5. (a) What is Standard Costing?

- (b) Discuss the importance of Standard Costing as a tool of cost control.

5+5

6. A company produces a single product which is sold by it presently in the domestic market at ₹ 80 per unit. The present production and sales is 60,000 units representing 60% of the capacity available. The following cost data are available :

Variable costs per unit– ₹ 60.

Fixed cost– ₹ 10,00,000.

To improve the profitability, the management is considering 2 proposals :

- to accept an export supply order for 30,000 units at a price of ₹ 85 per unit, incurring additional variable costs of ₹ 15 per unit towards export duties, packing charges etc.
- to reduce the selling price by 5% for the entire domestic sales so as the overall sales is estimated to be increased by 30,000 units.

Compare the above proposals and advise which proposal is to be accepted.

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Or,

JK Ltd. manufactures a part of musical-toy, 10,000 units at a total cost per unit of ₹ 121.00, of which ₹ 118.00 is variable cost. A particular machine is used for this purpose. The same part of musical-toy is available in the market at ₹ 119.00 per unit.

If the toy is purchased from the market then machine can be utilised to manufacture another product in same quantity for which company earns contribution of ₹ 2.00 per unit.

Give your recommendation to purchase the part of the toy from the market or to make the part of the toy in the factory.

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Group - C

7. The following particulars are available in respect of a product for the year 2023-24 :

	₹
Selling price per unit	40
Variable cost per unit	24
Total Fixed cost	96,000

Present production and Sales : 10,000 units.

Compute :

- P/V Ratio
- B. E. P. (units)
- Margin of safety in units
- Sales required to earn a profit of ₹ 1,60,000
- If variable cost is increased by 25%, then what amount of sales is required to earn the same profit i.e. ₹ 1,60,000?

2+3+3+3+4

Please Turn Over

8. (a) What do you mean by Activity Based Costing system? What are its advantages? Under what circumstances Activity Based Costing system is preferred over traditional costing system?
- (b) Distinguish between 'Joint Product' and 'By-product'.

10+5

Or,

ABC Co. Ltd. produces two products M and N. Their per unit cost data and other information are given below :

Particulars	M	N
Unit Produced	10,000	20,000
Direct material cost per unit (₹)	50	40
Direct labour cost per unit (₹)	30	40
Labour hours per unit	3	4
Machine hours per unit	4	4
No. of purchase requisition	1200	1800
No. of machine set ups	240	260

Production Overhead Costs of ₹ 24,00,000 can be segregated as follows :

Machine set up costs 30%

Volume related costs 30%

Material Procurement related costs 40%.

You are required to calculate the overhead cost per unit of product M and N under :

- (a) Traditional Method
- (b) Activity Based Costing Method.

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