

**WEST BENGAL STATE UNIVERSITY**

B.Com. Honours 4th Semester Examination, 2021

FACACOR10T-B.Com. (CC10)**COST AND MANAGEMENT ACCOUNTING-II**

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.**Candidates should answer in their own words and adhere to the word limit as practicable.**All symbols are of usual significance.***GROUP-A****Answer any two questions from the following**

10×2 = 20

1. A company produces two products: Product X and Product Y. From the following information, calculate the profit made by each product apportioning joint costs on Sales-Value Basis: 10

Joint Costs	Amount (Rs.)
Direct Material	1,26,000
Power	25,000
Petrol, oil, lubricant	5,000
Labour	7,500
Other charges	4,100
	<u>1,67,600</u>

	Product X	Product Y
Selling Costs (Rs.)	20,000	80,000
Sales (Rs.)	1,52,000	1,68,000

2. What do you mean by Budgeting? Distinguish between Standard Costing and Budgetary Control. 2+8

3. A company produces the following budget figures: 10

Product	P	Q	R	S
Maximum production (units)	5,000	5,000	5,000	5,000
Selling price per unit (Rs.)	25	33	43	56
Variable costs:				
Materials	9	12	17	20
Labour	8	10	12	18
Overhead	4	5	6	9

The total amount of materials available to the company is limited by the supplier's production capacity to Rs. 2,00,000. The budgeted fixed costs amount to Rs. 80,000.

Calculate the product-mix that would produce the maximum profit for the company.

4. Distinguish between Marginal Costing and Absorption Costing. What do you mean by Angle of Incidence? 7+3
5. X Ltd. sells 8,000 units of a product at a loss of Rs. 16,000. The variable cost per unit is Rs. 12 and the total fixed cost is Rs. 48,000. 10
Calculate (i) Profit Volume (P/V) Ratio (ii) the number of units to be sold to earn a profit of Rs. 10,000 and (iii) the amount of profit from a sale of 20,000 units.
6. What is Activity Based Costing? Explain the benefits of implementing Activity Based Costing in an organization. 2+8

GROUP-B**Answer any two questions from the following**

15×2 = 30

7. The standard cost of certain chemical mixture AB is: 15
 40% material A @ Rs. 400 per kg
 60% material B @ Rs. 600 per kg
 A standard loss of 10% is expected in production.
 The following details are available for the month of June, 2021:
 180 kgs. of material A have been used @ Rs. 360 per kg
 220 kgs. of material B have been used @ Rs. 680 per kg
 The actual output of AB is 369 kgs.
 Calculate:
 (i) Material Price Variance (ii) Material Mix Variance (iii) Material Yield Variance and (iv) Material Usage Variance.

8. A company manufacturing two products furnishes the following data for a year: 15

Product	Annual Output (Units)	Total Machine-hours	Total number of purchase orders	Total number of set-ups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overheads are as under:

Volume-related activity costs	Rs. 5,50,000
Setup-related costs	Rs. 8,20,000
Purchase-related costs	Rs. 6,18,000

You are required to calculate the cost per unit of each product A and B as per Activity Based Costing Method.

9. XYZ Ltd. is currently running at 60% capacity and producing 6,000 units at Rs. 90 per unit as per details below: 15

	Amount (Rs.)
Direct Materials	45.00
Direct Labour	20.00
Factory Overhead	15.00 (40% Fixed)
Administrative Overhead	10.00 (50% Variable)

The current selling price per unit is Rs. 100 per unit. At 70% and 80% capacity, direct labour cost decreases by 5% and 10% respectively. At 70% and 80% capacity, selling price per unit increases by 2% and 5% respectively.

Prepare a Flexible Budget for 70% and 80% capacity utilisation.

10. Briefly explain the advantages and limitations of CVP Analysis. 8+7
11. From the following information, prepare a Cash Budget for the quarter ending 30.06.2021. 15

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Other Expenses (Rs.)
Feb	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional Information:

- Cash in hand on 1.4.2021 Rs. 5,000.
- Out of the total sales 20% is cash sales and the balance is received after one month.
- Purchases are paid one month after.
- Wages and other expenses are paid at a lag of one month.
- Income Tax Rs. 25,000 is due on or before 30.6.2021.

12. Write short notes (any *three*): 5×3 = 15
- Problems of Traditional Costing
 - Advantages of Standard Costing
 - Product Mix
 - Cash Budget
 - Margin of Safety.

N.B. : Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.

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