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Class – PGDBM

Subject – Mgt & Cost Accounting

Paper – 202

Time Allowed : 3 Hours Maximum Marks : 50

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SECTION-A

Attempt any 5 questions in Section-A. Each carries 2 marks.

1. (a) Cost unit
   (b) Sunk cost
   (c) EOQ
   (d) Labour Turnover
   (e) Moving Average Method
   (f) Debt Equity Ratio
   (g) Management Accounting Vs. Financial Accounting
   (h) Trend Analysis $5 \times 2 = 10$

SECTION-B

Attempt any two questions.

2. "Cost Accounting is an indispensable tool of modern management". Discuss this statement and bring out nature and scope of Cost Accounting.
3. Discuss how tool of Marginal costing is useful to management for taking various decisions?
4. Maharaja constructions undertake contracts. They secured a contract for ₹ 750,000 on 1 April, 2010 and

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following expenditure was incurred during year ended 31 March 2011 :

	₹
Plant & Tools	70,000
Machinery & Stores	200,000
Wages	150,000
Sundry Expenses	30,000
Establishment expenses	40,000
	4,90,000

A part of machinery costing ₹ 20,000 was unsuited to contract and was immediately sold at profit of ₹ 5000. The value of Plant & Machinery on 31 March, 2011 was ₹ 40,000 and value of machinery and stores on hand was ₹ 30,000. By 31 March, 2011 they had received payments on account amounting to ₹ 438, 750 being 90% of work certified upto 31 March, 2011.

In order to calculate Profit on contract upto 31 March, 2011 contractor estimates further expenditure that would be incurred in order to complete the contract and decided to take to credit of Profit and Loss A/C that proportion of net profit to be realised on contract which work certified bore to contract Price.

Their estimates are –

(1) Contract would be completed by 30 Sep, 2011

(2) Plant & tool would have a residual value of ₹ 10,000.

(3) Cost of machinery and stores required in addition

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to those in stock would be ₹ 100,000 and further sundry expenses of ₹ 20,000 would be increased.

(4) Wages for six months to 30 Sep, 2011 would be ₹80,000.

(5) Establishment expenses would be same per month as in Previous year.

(6) That 2½% of total cost of contract (excluding this percentage) should be provided for contingencies Prepare Contract A/C for year ended 31 March, 2011.

5. (a) The ratio of variable cost to sales is 70%. The break even point occurs at 50% of capacity sales. Find capacity sales when fixed cost are ₹ 90,000. Determine Profit at 80% and 100% of capacity sales.

(b) From following information prepare Process Cost account for Process 'B'.

Opening stock of WIP in Process B 600 units at ₹2100.

Transfer from Process A	11400 units at ₹ 11000.
Direct material in Process B	₹ 9640
Direct Wages	₹ 14,310
Production overhead	₹ 19080
Units scrapped	1200 Units
Transferred to Process C	8800 Units
Closing stock of WIP	1600 Units

Degree of completion –

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	Opening stock	Closing stock	scrap
Material	80%	70%	100%
Labour	60%	60%	70%
Overhead	60%	60%	70%

There was normal loss of 10% of Production and scrap was sold at ₹ 1 per unit. $2 \times 10 = 20$

SECTION-B

Attempt any two questions

6. Define Reporting. Give Principles of sound and effective report.

7. 'Management Accounting is nothing more than use of financial information for management purpose'. Explain statement and distinguish between Financial & Management accounting.

8. You are supplied with following information as on 31 Dec, 2012

(a)	Trade debtors at end	₹ 90,000
(b)	Creditors in beginning of year	₹ 25,000
(c)	Creditors at end of year	₹ 45,000
(d)	Net working capital	₹ 120,000
(e)	Stock Turnover Ratio	5 times
(f)	Sales	₹ 500,000
(g)	Gross Profit ratio	20% on sales

Calculate :

(a) Average stock

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(b) Purchases

(c) Average Payment Period

(d) Average Collection Period

(e) Creditors Turnover Ratio

(f) Working Capital Turnover Ratio

9. The Balance sheet of a Co. is given below :

Explain the significance of changes in assets and liabilities of these comparative balance sheets :

	31 March, 2007	31 March, 2008
Equity Share Capital	500,000	10,00,000
Preference Share Capital	100,000	200,000
General Reserves	100,000	250,000
Accounts Payable	100,000	200,000
Outstanding Expenses	50,000	50,000
P & L Account	200,000	300,000
	10,50,000	20,00,000
Fixed Assets	400,000	10,00,000
Investments	300,000	100,000
Receivable	200,000	400,000
Inventory	100,000	400,000
Cash	50,000	100,000
	10,50,000	20,00,000

$2 \times 10 = 20$

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