(i) Printed Pages : 4 Roll No. ....

(ii) Questions : 14

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Bachelor of Commerce 4th Semester

(2054)

COST MANAGEMENT

Paper : BCM-404

Time Allowed : Three Hours] [Maximum Marks : 80

Note :— Attempt any ***four*** questions from Section A, ***two*** questions from Section B and ***two*** questions from Section C. Each question in Section A carries **5** marks, whereas each question in Section B & C carries **15** marks.

SECTION—A

1. Define the term uniform costing.
2. Differentiate between marginal costing and absorption costing.
3. Calculate Economic Batch Quantity from the following :
   Annual demand for the component is 8000 units; setting up cost Rs. 200. Cost of manufacturing one-unit Rs. 100; carrying cost per unit per year 20%.
4. Two products, P and Q are obtained in a crude form and require further processing at a cost of Rs. 5 for P and Rs. 4 for Q per unit before sale. Assuming a net margin of 25% on cost, their sale prices are fixed at Rs. 13.75 and Rs. 8.75 per unit respectively. During the period, the joint cost was Rs. 88,000 and the outputs were : P 8,000 units; Q 6,000 units.

Ascertain the joint cost per unit for P and Q.

5. From the following information, calculate : BEP (in units) and BEP (in Rs.) Sale of 50,000 units @ Rs. 6; Variable cost @ Rs. 4; Total fixed costs Rs. 80,000.

6. With the following data for a 60 per cent activity, prepare a budget for production at 80 percent and 100 percent activity. Production at 60 percent activity-600 units :

Materials	Rs. 100 per unit
Labour	Rs. 40 per unit
Expenses	Rs. 10 per unit
Factory Expenses	Rs. 40,000 (40% fixed)
Administrative Expenses	Rs. 30,000 (60% fixed)

SECTION—B

7. The following is a summary of the expenditure on a contract to 31st Dec. 2023 :

	Rs.
Direct Wages	19,320
Direct Materials	95,200
Stores Issued	10,640
Stores Returned	1,540
Sub-contract Cost	17,640
Plant	33,600

Prepare a Contract Account from the following additional information :

(a) The Contract began in 2023 and the contract price is Rs. 1,68,000.

(b) The architect had certified that 4/5th of the contract work had been completed on 15th Dec. 2023.

(c) The summary set out above includes items related to the period since 15th Dec. 2023 as follows : Wages Rs. 1,960 and Materials used Rs. 4,536.

(d) Depreciation on Plant upto 15th Dec. 2023 is Rs. 13,440.

(e) Materials on site had cost Rs. 14,000 and Stores Rs. 1120.

(f) Establishment charges are 40% of direct wages.

(g) A fine of Rs. 2,800 is likely to be imposed for the late completion by the contractor.

8. What is the basic cost accounting problem in dealing with joint products ? Mention the various methods of accounting for joint products.

9. Define Activity Based Costing. Also explain the steps involved in applying Activity Based Costing System in a manufacturing organization.

10. The product of a factory passes through three processes A, B and C. The normal loss in Process A-2.5%, in Process B-5% and in Process C-10%. The wastage in each process is sold at the rate of Rs. 10, Rs. 20 and Rs. 30 per 10 units of process A, B and C respectively :

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Material Consumed	12,000	6,000	3,000
Direct Labour	18,000	12,000	9,000
Manufacturing Exp.	3,000	3,000	4,500

4,000 units costing Rs. 16,000 have been issued to process A. The output of each process is as under :

Process A-3900 units

Process B-3600 units

Process C-3250 units

Prepare the process accounts.

SECTION—C

11. The following particulars are obtained from records of a company engaged in manufacturing two products A and B from a certain raw material :

Particulars	Product A (per unit in Rs.)	Product B (per unit in Rs.)
Sales	100	200
Material Cost (Rs. 10 per kg)	20	50
Direct Wages (Rs. 6 per hour)	30	60
Variable overhead	10	20

Total fixed overheads Rs. 10,000

Comment on the profitability of each product when :

(a) Total sales potential in units is limited

(b) Total sales potential in value is limited

(c) Raw material is in short supply.

(d) Production capacity is the limited factor.

(e) When total availability of raw material is 4000 kg and maximum sale potential of each product is 1000 units. Find the product mix to yield optimum profit.

12. A company manufactures a single product. The standard mix is as under :

    Material A-60% at Rs. 20 per kg.

    Material B-40% at Rs. 10 per kg.

    Normal loss in production is 20% of input. Due to shortage of material A, the standard mix was changed.

    The actural results of February 2024 were :

    Material A-105 kg at Rs. 20 per kg.

    Material B-95 kg at Rs. 9 per kg.

    Actual output-165 kg.

    Calculate the various material variances.

13. "Flexibility in a budget is an aid to coordination while budgetary control is an instrument of coordination." In the light of this statement explain the essentials of a good budgetary control system.

14. What do you understand by Marginal Costing ? State its usefulness as a tool for corporate decisions. Bring out some limitations of marginal costing.