Exam.Code:0014
Sub. Code: 0826

2071
Bachelor of Commerce
Fourth Semester
BCM-404: Cost Management

Time allowed: 3 Hours Max. Marks: 80

NOTE: *Attempt four short answer type questions from Section–A. Attempt two questions each from Section B and C respectively.*

x-x-x

Section – A

I. Attempt any four of the following:-

a) What do you understand by Process Losses? Give their accounting treatment.

b) Distinguish between fixed budget and flexible budget.

c) The ratio of variable cost to sale is given to be 70%. The breakeven point occurs at 60% of capacity sale. Find the capacity sale when fixed cost are Rs. 1,50,000. Determine profit at 80% and 100% of capacity.

d) Calculate overhead variances from the following:_

	Budgeted	Actual
Overhead	Rs. 3,75,000	Rs. 3,77,500
Output per man hour	2	1.9
Working days	25	27
Man hours per day	5000	5500

e) X Ltd. manufacture product M (main Product) and two by products B_1 and B_2. The joint expenses of manufacture amount to Rs. 2,37,600. Further process cost after separation are given below:-

	Product - M	B_1	B_2
Sales	Rs. 2,00,000	Rs. 1,20,000	Rs. 80,000
After separation cost	Rs 20,000	Rs. 15,000	Rs. 10,000
Profit as a percentage of sales	25%	20%	15%

Cont.......P/2

Total fixed selling expenses are 10% of cost of sale which are apportioned in the ratio 20:40:40. Prepare a statement showing apportionment of joint costs.

f) Compute the various amount of profits which can be transferred to P/L account on a contract which is 80% complete:-

i)	Total expenditure to date	Rs. 8,50,000
ii)	Estimated further expenditure	Rs. 1,70,000
iii)	Contract price	Rs. 15,30,000
iv)	Work certified	Rs. 10,00,000
v)	Work uncertified	Rs. 85,000
vi)	Cash received	Rs. 8,16,000

(4x5)

Section - B

II. State and explain the need and significance of cost management. Discuss the important areas of cost management. (15)

III. Write notes on any two of the following:-

a) Activity Based Costing (ABC)

b) Uniform costing

c) Job costing Vs Batch costing (15)

IV. M/S Promising Company undertook a contract for a total value of Rs. 24,00,000. It was estimated that the job would be completed by 31 January, 2018. Prepare a contract account for the year ending 31 January, 2018 for the following particulars:-

a) Materials Rs. 3,00,000
b) Wages Rs. 6,00,000
c) Overhead charges Rs. 1,20,000
d) Special plant Rs. 2,00,000
e) Work certified was for Rs. 16,00,000 and 80% of the same received in cash.
f) Material lying at site on 31-01-2018 Rs. 40,000.

g) 5% of the value of material issued and 6% of wages are for the portion of work completed but not yet certified. Overhead are charged as a percentage of direct wages.

h) Ascertain the profit transferred to P/L A/c. (15)

V. A product passes through two processes following information is obtained for the month March 2021 (In Rupees)

	P-I	P - II	Finished Stock
Opening stock	7500	9000	22500
Direct material	15000	15750	---
Direct wages	11200	11250	---
Production Overheads	10500	4500	---
Closing stock	3700	4500	11250
Profit % on transfer price	25%	20%	---
Inter process profit for opening stock	---	1500	8250

Stock in process are valued at prime cost. Sale during the period were Rs. 1,40,000.

Prepare (a) Process cost account showing the profit element at each stage, (b) Actual realized profit (c) Stock valuation (15)

Section - C

VI. Define Budget and budgetary control. State advantages and limitations of budgetary control in organization. (15)

VII. State and explain managerial applications of marginal costing. What are the main difference between absorption costing and marginal costing? (15)

VIII. The standard mix of product X is as follows:-

Kg.	Material	Price Per Kg.
50	A	5.00
20	B	4.00
30	C	10.00

The standard loss in production is 10% of input. Actual production for the month was 7240 kg of X from 80 mixes. Actual consumption of material during month was:

Kg.	Material	Price Per Kg.
4160	A	5.50
1680	B	3.75
2560	C	9.50

Calculate all material variances. (15)

IX. X Ltd. produces three products provides the following information:-

	A	B	C
Selling price per unit	100	75	50
P/U Ratio	10%	20%	40%
Maximum sale potential	40,000 units	25000 units	10,000 units
Raw material as a % Of variable cost	50%	50%	50%

The fixed expenses are Rs. 6,80,000. Raw material isin short supply and quota of Raw material is fixed at Rs. 18,00,000 to manufacture all three products.

Calculate: (a) A product mix which will give maximum profit.

(b) Compute the maximum profit (15)

x-x-x