NUC – 09

B.Com. (Semester – V) Examination, October 2015
Major 2 : COST AND MANAGEMENT ACCOUNTING
Techniques of Costing – I (New Course)

Duration : 2 Hours | Total Marks : 80

Instructions : *1) Question No. **1** is **compulsory**.*
*2) Answer **any 3** questions from Q. No. **2** to Q. No. **6**.*
*3) Give working notes **wherever** necessary.*
*4) **All** questions carry **equal** marks.*

1. A company working at 50% capacity manufactures 10,000 units of a product. At 50% capacity, the product cost is Rs. 180 and sale price is Rs. 200. The break up of cost is as below.

	Cost per Unit
Materials	Rs. 100
Wages	Rs. 30
Factory overheads	Rs. 30 (40% fixed)
Administration overhead	Rs. 20 (50% fixed)

At 60% working, raw material cost goes up by 2%, and sales price falls by 2%. At 80% working, the raw material cost increases by 5% and the sale price decreases by the same percentage i.e., 5%.

Prepare a statement to show profitability at 60% and 80% capacity. **20**

2. SKN Ltd. is considering the purchase of a machine. Two machines X and Y are available. Following is the information given relating to the two machines. Ascertain which of the two machines will be profitable under : **20**

1) Average rate of return method

2) Pay back period method.

P.T.O.

Both the machines have to be depreciated under straight line method. Income tax rate is 50%

Particulars	Machine X	Machine Y
Cost	5,00,000	6,00,000
Working life	4 years	6 years
Profits (before tax but after depreciation)		
1	1,00,000	80,000
2	1,50,000	1,40,000
3	1,20,000	2,50,000
4	1,50,000	3,00,000
5	–	1,80,000
6	–	1,30,000

3. A company is expecting to have Rs. 25,000 cash in hand on 1st April 2015 and it requires you to prepare an estimate of cash position during the three months, April to June 2015. The following information is supplied to you.

	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other information :

a) Period of credit allowed by supplier is two months.

b) 25% of sale is for cash and period of credit allowed to customers for credit sale is one month.

c) Delay in payment of wages and expenses – one month.

d) Income tax of Rs. 25,000 is to be paid in June 2015.

20

4. a) Prepare a production budget for each month for six-month ended 31st December, 2014 from the following data relating to Product 'X'.

i) The units to be sold for different months are as under :

July	2014	1100
August	2014	1100
September	2014	1700
October	2014	1900
November	2014	2500
December	2014	2300
January	2014	2000

ii) There will be no work in progress at end of any month

iii) Finished units equal to half the sales for the next month will be in stock at the end of each month (including June 2014). **10**

b) What do you mean by capital budgeting ? Explain the nature of capital investment. **10**

5. a) Define 'Management Accounting'. Enumerate its objectives and limitations. **10**

b) What do you mean by inter-firm comparison ? Give its advantages and disadvantages. **10**

6. Answer **any four** of the following : **20**

a) Uniform Costing Manual

b) Requisites for installation of a uniform costing system

c) Management accountant

d) Tools of management accounting

e) Master budget

f) Net present value.

____