

M.B.A. (C.B.C.S. and Old Pattern) Sem-II  
**PCB2C03 / C-23 : Cost and Management Accounting**

P. Pages : 3

GUG/S/19/10684

Time : Three Hours



Max. Marks : 70

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- Notes : 1. Attempt **any five** questions.  
2. All questions carry equal marks.

1. Explain the nature and scope of cost accounting. 14
2. Explain Why Periodic reconciliation of cost and financial account is necessary. 14
3. Write the importance of current Ratio in a business concern. 14
4. Can contract costing be applied in a factory? State the special feature of contract costing. 14
5. What is budget? Explain the objective & characteristics of good budgets.
6. A manufacturer of a motor car find that in 2015. If cost him Rs. 7,20,060. to manufactured 175 cost which he sold for Rs. 5,400 each. Cost was made up of. 14  

Rs.

Material	2,82,000
Direct Wages	3,24,000
Factory overhead	48,600
Establishment & General expenses	65,460

For 2016 he estimates: -

  - i) That each car will required material to the value of Rs. 1,600/- and expenditure in wages of Rs. 1,800/-
  - ii) That the factory overhead will bear the same relation to direct wages as in the previous year.
  - iii) That the percentage of establishment of General changes on factory cost will be same as in the previous year.

Prepare a statement showing the profit. He should make per unit if he reduces the price of car by Rs. 200/-
7. The financial records of morden manufacturing reveal the following for the year-ended 31-3-2015. 14

Particular		Amount in thousand
Sales (20,000 unit)		4,000
Material		1,600
Wages		800
Factory overhead		720
Office & administration overhead		416
Selling & distribution overhead		288
Finished goods (1230 unit)		240
WIP		
Material	48	
Labour	32	
Factory O/H	32	
	-----	112
Goodwill written off		320
Interest on capital		32

In costing records, Factory overheads is charged at 100% wages, Administrative overhead 10% of factory cost and selling and distribution overhead at the rate of Rs. 16. P.O. Sold. Prepare a statement reconciling the profit as per cost records with the profit as per financial records of the company.

8. A contractor undertook a contract for construction of a building. The contract price was Rs. 1500,000 and the contract commenced on 1<sup>st</sup> Jan 2012 during the year the following Expenses were incurred over the contract. 14

Material issued from store	10,000
Material purchased	3,20,000
Labour	2,40,000
Indirect expenses	80,000
Cost of Plant Sent at site	3,50,000
Material returned to stores	20,000
Material lost by fire	6,000
Material at site. (31 <sup>st</sup> Dec 2012)	12,000
Plant is to be depreciated by	50,000
Work completed but not certified	40,000
Cash Received from contractee (75% of the work certified)	6,00,000

Prepare a contract account & show how will work in progress appears in Balance-sheet on 31 Dec. 2012.

9. Balance sheet of Rajesh Company as on 31<sup>st</sup> March 2016 is as follows. 14

Assets	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016
Cash	54,000	90,000
Debtor's	1,62,000	1,50,000
Stock	2,40,000	2,10,000
Investment (long term)	-	30,000
Fixed Assets	4,38,000	2,68,500
Goodwill	-	30,000
	<b>8,94,000</b>	<b>7,78,500</b>
Creditors	1,74,000	1,86,000
Short term liability	90,000	99,000
Bills Payable	48,000	45,000
Mortgage / Secured loan	90,000	60,000
Share Capital	3,90,000	3,00,000
Profit & loss a/c	1,02,000	88,500
	<b>8,94,000</b>	<b>7,78,500</b>

Addition Information: -

- Fixed assets costing Rs. 40,000 was sold for Rs. 38,500/-
- Investment are sold on a Profit of Rs. 2,000.
- Depreciation change during the year on fixed assets Rs. 30,000/-
- A part of fixed asset costing Rs. 40,000; purchase behalf of fully paid share.
- Dividend paid during the year Rs. 21,000.

Prepare statement of changes in working capital and sources & application of fund.

10. Bhakti company Ltd. has given the following particular. You are required to prepare a cash budget for the three month ending 31<sup>st</sup> Dec. 2013. 14

Months	Sales	Material	Wages	Overhead
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

- i) Cash Balance on 1<sup>st</sup> Oct 2013 is expected to be Rs. 8,000.
- ii) Credit terms are: -  
Sales = 10% sales are on cash sales basis. 50% on the credit sales are collected next month and the balance in the following month.  
  
Creditors - material 2 months, wages 1/5 month overhead 1/2 month.
- iii) A machinery will be installed in August 2013 at a cost of Rs. 1,00,000. The monthly installment of Rs. 5,000. is payable from October onwards.
- iv) Dividend at 10% on preference share capital of Rs. 3,00,000 will be paid on 1<sup>st</sup> December 2013.
- v) Advance to be received for sale of vehicle Rs. 20,000 in December.
- vi) Income tax (Advance) to be paid in December Rs. 5,000.

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