Roll No.											

PRESIDENCY UNIVERSITY
BENGALURU

SCHOOL OF MANAGEMENT SET A

MID TERM EXAMINATION

Even Semester: 2018-19
Course Code: FIN 103
Course Name: Managerial and Cost Accounting
Program & Sem: MBA & II Sem

Date: 27 March 2019
Time: 2 Hours
Max Marks: 40
Weightage: 20%

Instructions: Answer all the Questions.

Part A

Answer **both** the Questions. **Each** Question carries **six** marks (2Qx6M=12)

1. Differentiate between Financial Accounting and Cost Accounting
2. Elucidate with examples Sunk cost and Out of pocket cost.

Part B

Answer **both** the Questions. **Each** Question carries **six** marks (2Qx6M=12)

3. For the production of 10,000 Mobile handsets, the following budgeted expenses are tabulated in table 1

Table 1.

Particulars	Per unit (Rs)
Direct Materials	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs.1,50,000)	15
Variable expenses (Direct)	5
Selling expenses(10% Fixed)	15
Administration expenses (Rs.50,000 rigid for all levels of production)	5
Distribution expenses (20% Fixed)	5

Prepare a budget for production of 7,000 and 8000 Mobile handsets, showing clearly variable cost and fixed cost and total cost based on table 1.

4. From the following data, Selling price per unit Rs.40, Variable cost per unit 25 and Fixed cost Rs.1, 80,000
   Calculate:
   a. Breakeven point in amount of sales in rupees
   b. Number of units that must be sold to earn a profit of Rs.1, 20,000 per year.
   c. How many units are to be sold to earn a net income of 15% of sales?

Part C

Answer **both** the Questions. Each Question Carries **eight** marks (2Qx8M=16)

5. A company expects to have Rs. 50,000 in bank on 1st May 2019. Prepare an estimate of cash position for three months- May, June and July,2019.

The following is the information supplied:

Month	Sales	Purchases	Wages	Office expenses	Factory expenses	Selling expenses
March	1,00,000	60,000	12,000	8,000	10,000	6,000
April	1,12,000	64,000	13,000	8,000	11,000	6,000
May	1,20,000	70,000	14,000	8,000	12,000	7,000
June	1,60,000	80,000	18,000	8,000	15,000	9,000
July	1,80,000	80,000	19,000	8,000	16,000	9,000

Other Information:

i) 20% of sales are in cash, remaining amount is collected in the month following that of sales
ii) Suppliers supply goods at two month's credit
iii) Wages and all other expenses are paid in the month following the one in which they are incurred.
iv) The company pays dividends to shareholders of 25,000 in month of may.
v) Plant costing Rs.80,000 will be purchased and payable in June
vi) Income tax Rs.25,000 is payable in July.

6. The Following information is available for a factory for the year 2018.Direct Material Rs 3,00,000, Direct Wages Rs2,50,000,Factory overheads Rs.1,50,000, Administrative overheads Rs.1,68,000, Selling overheads Rs.1,12,000, Distribution Overheads Rs.70,000 and profit Rs.2,10,000.

   A work order has to be executed in 2019 and the following expenses have been incurred: Materials Rs.4.000 and wages Rs. 2, 500. Assuming that in 2019 the rate of factory overheads has increased by 20%, distribution overheads have gone down by 10% and selling and administration overheads have each gone up 12.5%. At what price should the product be sold so as to earn the same rate of profit on the selling price as in 2018. Factory overheads is based on direct wages while other overheads are based on works cost.

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END TERM FINAL EXAMINATION

Even Semester: 2018-19	**Date**: 27 May 2019
Course Code: FIN 103	**Time**: 3 Hours
Course Name: Managerial & Cost Accounting	**Max Marks**: 80
Program & Sem: MBA & II Sem	**Weightage**: 40%

Instructions:

(i) Write legibly.

Part A

Answer **all** the Questions. **Each** question carries **five** marks. (4Qx5M=20M)

1. Explain the term 'contribution' with respect to Cost Accounting. Show how it differs from 'profit' with an example.
2. What are the advantages and disadvantages of standard costing?
3. How does Activity Based Costing differ from Traditional Costing system?
4. Explain with an example how Marginal Costing can help in decision making for accepting export Orders.

Part B

Answer **all** the Questions. **Each** question carries **ten** marks. (3Qx10M=30)

5. Prepare a flexible budget for production of 2,000 units and 5,000 units. Indicate element wise cost per unit.
   Budgeted output is 8,000 units and budgeted unit cost is as follows:

	Rs.
Direct Material	60
Direct Labour	30
Production overhead (variable)	20
Production overhead (fixed)	15
Administration overhead (fixed)	15
Selling overhead (20% fixed)	10
Distribution overhead (10% fixed)	10

6. Calculate and comment on the material cost variance, material usage variance and material price variance from the following data:

Standard Price	Rs 20 Per Kg
Standard Usage (Kgs)	4000
Actual Price	Rs 18 / Per Kg
Actual Usage (kgs)	5000

7. A Company manufactures two products A & B. Calculate the overhead allocation per unit for the products using Activity based Costing :

	Product A	Product B
Units produced	1000	1500
Direct Labour hours per unit	2	3
Machine hours per unit	5	5
Total Setup of machines	15	10
Total Orders	20	30

Machine Activity Expenses Rs 2,00,000

Setup Related Expenses Rs 50,000

Order related Expenses Rs. 65,000

Part C

Answer **both** the Questions. **Each** question carries **fifteen** marks. (2Qx15M=30)

8. Following particulars are given for a factory for the year 2018 for production of 8000 units:

	Rs,
Cost of materials consumed	2,00,000
Wages	1,50,000
Factory overheads	70,000
Admin overheads	30,000
Selling overheads	10,000

Profit on cost of sales is 20%

The Company has estimated production of 12,000 units in 2019. Prepare the Cost statement for 2018 and estimated cost sheet for 2019 showing profit and selling price per unit based on the following details:

- Raw materials price increase 20%
- Labour cost increase 5%
- 60% of all overheads are fixed and 40% are variable
- Variable Selling expenses per unit reduced by 20%
- Rate of profit would remain the same.

9. Comment on the profitability ranking for each product based on the following particulars:-

   a. Sales potential in units is limited

   b. Sales potential in value is limited

   c. Raw material supply is limited

   d. Machine capacity (hours) is limited

	Product A	Product B
Selling Price (Rs.)	200	300
Material Cost (Rs.)	100	145
Direct Wages (Rs.)	50	75
Variable Overheads (Rs.)	20	30
Material consumption (Kgs)	5	7
Machine hours usage (hours)	3	4