

**C.U.SHAH UNIVERSITY**

Summer-2015

Subject Code:5MC01CMA1

Subject Name: Cost &amp; Management Accounting

Course Name:M.Com.

Date : 04/05/2015

Semester:1

Marks: 70

Time:10:30 To 01:30

**Instructions:**

- 1) Attempt all Questions of both sections in same answer book/Supplementary.
- 2) Use of Programmable calculator & any other electronic instrument prohibited.
- 3) Instructions written on main answer book are strictly to be obeyed.
- 4) Draw neat diagrams & figures (if necessary) at right places.
- 5) Assume suitable & perfect data if needed.

**SECTION-I**

- Q1 (a) Explain any one center of responsibility accounting method (3)  
 (b)What is meant by activity based costing system (2)  
 (c) Give the meaning of differential costing (2)
- Q2 (a) Define responsibility accounting method. State its advantages & disadvantages (7)  
 (b)Define MIS. State its objectives (7)

**OR**

- Q2 (a) Explain the factors affecting MIS (7)  
 (b)State the advantages & disadvantages of activity based costing (7)
- Q3 (a) State the factors affecting target costing. State its limitations (7)  
 (b)State your guiding suggestions for making effective MIS. (7)

**OR**

- Q3 (a) State the differences between ABC costing & traditional costing systems. (7)  
 (b)Write a note on income center, profit center & investment center (7)

**SECTION-II**

- Q4 (a) What is meant by contribution? (2)  
 (b)State any two advantages of cash budget (2)  
 (c) Name any three industries using process account (3)
- Q5 (a)Selling price of one product is Rs.10.Its variable cost is Rs.6 Fixed cost is Rs.40000.Find out contribution per unit(2)PVRatio(3)BEP units(4)BEP in Amount(5)sales at a profit of Rs.10000 (7)  
 (b)From below information find out the amount received towards sale & purchase for the month of April, May & June

Month	Sale	Purchase
January	100000	80000
February	120000	130000
March	90000	60000
April	150000	140000
May	160000	80000
June	130000	90000
July	110000	100000



(1)20% of sales are cash.

(2)40 % of credit sale is received in the next month of the sale, 20% in the second next month of sale and balance 40% in the third next month of the sale.

(3) 30% of purchase is cash and balance is paid in next month of purchase. (7)

OR

Q5 One product is passing through three processes, From below information prepare process account showing profit at each level. Sales during the period are Rs.400000. (14)

Particulars	Process A	Process B	Process C	Finished Goods
Opening Stock	5000	8000	10000	20000
Direct Material	40000	12000	15000	-
Direct Wages	35000	40000	35000	-
Factory overhead	20000	24000	20000	-
Closing stock	10000	4000	15000	30000
Profit on transfer price	25%	20%	10%	-
Inter process profit on opening stock	-	1395	2690	6534

Q6(a)State the differences between marginal costing & absorption costing (5)

(b)State the advantages of budgeting (5)

(c)Name any four methods for allocation of joint cost. (4)

OR

Q6 (a) One unit is presently working at 60% capacity & producing 6000 units. Prepare flexible budget at 70% & 80% capacity.

Direct material 10 per unit

Direct wages 6 per unit

Fixed cost 120000

Semi variable exp.60000

Semi variable exp between 40% to 60% capacity will remain same. It will increase by 10% between 61% to 70% capacity thereafter will increase by 2% for each 1% increase in capacity, Profit will be 20% on cost price. Find out selling price. (7)

Q6 (b) Annual production capacity of one company is 100000 units. During current year company sales 80000 units in Indian market at Rs. 10 per unit. Company has received export order of 20000 units during the current year at Rs.7 per unit. From below information guide whether to receive export order or not. Direct Material 3 per unit, direct wages 2 per unit, other variable cost 1 per unit, fixed cost 450000. (7)

