Roll No. ____________________

(Do not write anything on question paper except Roll No.)

[This paper consists of TWO Pages]

Jagan Institute of Management Studies

End-Term Examination, December 2017 – January 2018

Trimester II – PGDM (IB) 2017-19

Management Accounting

ET_IB_MA_2812

Time: 3 Hrs. *M. Marks: 70*

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

Q 1 a) A product is sold at a price of Rs. 120 per unit and its variable cost is Rs. 80 per unit. The fixed expenses of the business are Rs. 8,000 per year. Find (i) BEP in Rs. And units, (ii) profits made when sales are 240 units (iii) sales to be made to earn a net profit of Rs. 5,000 for the year.

b) From the following data, calculate the breakeven point
Selling price per unit = Rs. 15
Variable cost per unit = Rs. 10
Total fixed cost = Rs. 1,50,000. **14**

Q 2 Cost accounting is the establishment of budgets, standard costs and actual costs of operations, processes, activities or products and the analysis of variances, profitability or the social use of funds. Justify with example. **14**

Q 3 S. Ltd. Manufactures and markets a single product. The following information is available:

	Rs. Per unit
Materials	8.00
Conversion costs (variable)	6.00
Dealer's margin	2.00
Selling price	20.00
Fixed cost Rs. 2,50,000	
Present sales, 80,000 units	
Capacity utilization: 60 per cent.	

There is acute competition. Extra efforts are necessary to sell. Suggestions have been made for increasing sales:

i) By reducing sales price by 5%.
ii) By increasing dealers margin by 25% over the existing rate.
iii) Which of the two suggestions you would recommend if the company desires to maintain the present profit? Give reasons. **14**

Q 4 The following information has been obtained from the records of ABC Co. Ltd. For the month of January 2013:

	Rs.
Cost of raw materials on 1/01/2013	30,000
Purchase of raw materials during the month	4,50,000
Wages paid	2,30,000
Factory overheads	92,000
Cost of work in progress on 1/01/2013	12,000
Cost of raw materials on 30/01/2013	25,000
Cost of work in progress on 30/01/2013	15,000
Cost of stock of finished goods on 1/01/2013	60,000
Cost of stock of finished goods on 30/01/2013	55,000
Administration overheads	30,000
Selling and distribution overheads	20,000
Sales	9,00,000

Prepare Cost sheet showing the cost of production of goods manufactured. **14**

Q 5 **a)** Direct expenses are costs other than materials or wages which are incurred for a specific product or saleable service.

b) Overhead is the expenditure on labour, materials or services which cannot be economically identified with a specific saleable cost unit. **14**

Q 6 Techniques of costing includes – historical or conventional costing, standard costing, marginal costing, uniform costing, direct costing, absorption costing and activity based costing. Explain with examples. **14**

Q 8 A T.V. Manufacturing company finds that while it costs to make component X, the same is available in the market at Rs. 5.75 each, with all assurance of continued supply. The breakdown of cost:

Materials	Rs. 2.75 each
Labour	Rs. 1.75 each
Variable overheads	Rs. 0.50 each
Depreciation and other fixed cost	Rs. 1.25 each
	Rs. 6.25 each

a) Should the company make or buy the component?

b) What should be your decision if the supplier offered component at Rs. 4.85? **14**

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