2013

Time: 3 hours

Full Marks: 80

Candidates are required to give their answers in their own words as far as practicable.

The figures in the margin indicate full marks.

Answer from both the Groups as directed.

Group – A

(Objective-type Questions)

Answer all questions.

1. Choose the correct answer from the options given:

   \[2 \times 10 = 20\]

   (a) Cost centres are created for:

   (i) Inventory Valuation

   (ii) Product Pricing

   (iii) Control and Fixation of Responsibility

   (iv) Revenue Decisions

UK – 27/4

(Turn over)
(b) Cost of Production is:
   (i) Direct Material Cost + Factory Overheads
   (ii) Prime Cost + Factory Overheads
   (iii) Prime Cost + Works Cost
   (iv) Factory Cost + Administration Overhead

(c) A purchase requisition is prepared by:
   (i) Purchase Manager
   (ii) Store Manager
   (iii) Production Manager
   (iv) Accounts Manager

(d) Incentive Wage Plans:
   (i) Reward workers in direct proportion to the work done
   (ii) Speed up work in order to reward the employer
   (iii) Distribute employer's wealth among the workers
   (iv) Is intended to satisfy government authorities

UK - 27/4 (2) Contd.
(e) Profit on incomplete contract is known as national profit as:
   (i) Real profit will be known when the contract is complete.
   (ii) The profit is only an approximation.
   (iii) It is an imaginary profit.
   (iv) None of these.

(f) Trading Account is prepared to find out:
   (i) Gross Profit
   (ii) Net Profit
   (iii) Both of these
   (iv) None of these

(g) A budget giving the summary of all operating and financial budget is called:
   (i) Static budget
   (ii) Flexible budget
   (iii) Master budget
   (iv) Capital budget

(h) Marginal cost represents:
   (i) Cost at the margin
   (ii) Variable overhead
   (iii) Variable cost

UK – 27/4 (3) (Turn over)
(iv) None of these

(i) Which one of the following formula represents break-even sales in unit:

(i) \( \frac{S \times F}{S-V} \)

(ii) \( \frac{F}{S-V} \)

(iii) \( \frac{P}{V} \) ratio

(iv) Net profit \( \frac{P}{V} \) ratio

(j) Investment is:

(i) Current Asset

(ii) Fixed Asset

(iii) Fictitious Asset

(iv) None of these

Group – B
(Long-answer Type Questions)

Answer any four questions. \( 15 \times 4 = 60 \)

2. Explain the difference between Cost Accounting and Management Accounting.
3. Discuss the various methods of pricing the issue of materials.

4. What is standard costing? Explain the advantages of standard costing?

5. Write notes on the following:
   (a) Element of Cost
   (b) Fund Flow Statement

6. What is zero-base budgeting? What are its advantages and limitations?

7. The following figures are available from the records of XYZ Enterprises as at 31st March of 2011 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2011 (₹ lakh)</th>
<th>2012 (₹ lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>Profit</td>
<td>30</td>
<td>50</td>
</tr>
</tbody>
</table>

Calculate:
(a) The PV ratio and total fixed expenses.
(b) The break-even level of sales.

UK – 27/4 (5) (Turn over)
(c) Sales required to earn a profit of Rs. 90 lakhs.
(d) Profit or loss that would arise if the sales were Rs. 280 lakhs.

8. The following expenditure was incurred on a contract of Rs. 12,00,000 for the year ending 31. 12. 2010:

<table>
<thead>
<tr>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
</tr>
<tr>
<td>Wages</td>
</tr>
<tr>
<td>Plant</td>
</tr>
<tr>
<td>Overheads</td>
</tr>
</tbody>
</table>

Cash received on account of the contract to 31st December, 2010 was Rs. 4,80,000 being 80% of the work certified. The value of materials in hand was Rs. 20,000. The plant had undergone 20% depreciation.

9. 80 Kgs. of material A at a standard price of Rs. 2 per Kg and 40 Kgs of materials B at a standard price of Rs. 5 per Kg. were to be used to manufacture 100 Kgs of a chemical.

During a month, 70 Kgs. of material A priced at

Rs. 2.10 per Kg. and 50 Kgs of material B priced at Rs. 4.50 per Kg. were actually used and the output of the chemical was 102 Kgs.

Find out the material cost variance, material price variance, material mix variance and material yield variance.

10. What are the essentials of an effective reporting to management?