

INTERMEDIATE EXAMINATION

December 2014

P-10(CMA)
Syllabus 2012

Cost & Management Accountancy

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

This paper contains four questions.

All questions are compulsory, subject to instruction provided against each question.

All workings must form part of your answer. Assumptions, if any, must be clearly indicated.

Please (i) Write answers to all parts of a question together.

(ii) Open a new page for answer to a new question.

(iii) Attempt the required number of questions only.

1. Answer all questions.

2×10=20

- (a) MENZ LTD. earned a profit of ₹ 3,00,000 during the year 2013-14. If the marginal cost and selling price of a product are ₹ 80 and ₹ 100 per unit respectively, find out the amount of 'Margin of Safety'.
- (b) BEEU LTD. operates throughput accounting system. The details of Product-X per unit are as under:

Selling price	₹ 50
Material cost	₹ 20
Conversion cost	₹ 15
Time on Bottleneck resources	10 minutes

What would be the return per hour for Product-X?

- (c) A factory transferred out 8,800 completed units during November'14. Opening stock was 400 units 75% completed; Closing stock was 800 units 50% completed. Assuming FIFO method, what is the equivalent production in November 2014?
- (d) In a factory repairs and maintenance expenses were ₹ 1,50,000 at 60% capacity level out of these 40% was fixed. Calculate the repairs and maintenance expenses for the capacity level of 80%.
- (e) State the main advantages of Integrated Accounting System.
- (f) Differentiate between Cost Accounting Policy and Cost Accounting System.
- (g) Whether cost consultant of a company can issue compliance certificate to the same company?
- (h) The cost (C) of a firm is given by the function $C = 4X^3 + 8x^2 + 10x + 20$, (where x is the output). Find the Average cost, Marginal cost, Average variable cost and Average fixed cost.
- (i) What is law of variable proportions?
- (j) MESCAB LTD. is operating in a perfectly competitive market. The price elasticity of demand and supply of the product estimated to be 6 and 4 respectively. The equilibrium price of the product is ₹ 120. If the Government imposes a specific Tax of ₹ 10 per unit, what will be the new equilibrium price?

Please Turn Over

2. Answer any two questions (Carrying 20 marks each):

- (a) (i) The following information pertains to labour force of UDDHAMI LTD. engaged in a week of November 2014 for a JOB-PH.

	Skilled	Semi-skilled	Unskilled	Total
No. of workers in standard gang:	16	12	8	36
Standard rate per hour (₹)	60	30	10	—
No. of workers in actual gang:	—	—	—	—
Actual rate per hour (₹)	70	20	20	—

In a 40 hours week, the gang produced 1080 standard hours. The actual number of semi-skilled workers is two times of the actual number of unskilled workers. Total number of actual workers are same as standard gang. The rate variance of semi-skilled workers is ₹ 6400 (F).

You are **required** to find the following:

- (a) The actual number of workers/labours in each category.
 (b) Labour gang (mix) variance.
 (c) Labour sub-efficiency variance.
 (d) Labour rate variance.
 (e) Labour cost variance. [(2+1×4)+4]=10
- (ii) BATRON LTD., a contractor commences the contract No. HB-108 on 1st July, 2013. The details about the contract for the year ending 31st March, 2014 were following:

	(₹)
Contract Price	3,000,000
Materials issued	800,000
Material transferred from contract no. 101	50,000
Wages paid	631,000
Wages outstanding	35,000
Supervisor's Salary	180,000
Establishment Exp.	41,000
Plant Issued	1,000,000

Material costing ₹ 15,000 was sold for ₹ 11,000 and plant costing ₹ 80,000 returned to stores on 31st December, 2013.

A crane costing ₹ 2,000,000 has been on the contract site for 73 days. Its working life is estimated at 6 years and its scrap value at ₹ 110,000. Depreciation on plant is to be charged @ 15% per annum. Up to 31st March, 2014, 3/4(Three-fourth) of the contract was completed but architect's certificate has been issued covering 2/3 of the contract price and 15,00,000 had been received in cash on account.

Required:

- (a) Prepare the Contract No. HB-108 Account for the year ended March 31, 2014.
 (b) State as to how much Profit should be credited to Profit and Loss Account for the year ended March 31, 2014. (8+2)=10

