

INTERMEDIATE EXAMINATION

June 2016

P-10(CMA)
Syllabus 2012

Cost and Management Accountancy

Time Allowed: 3 Hours

Full Marks: 100

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

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

Please: (1) Write answers to all parts of a question together.

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

(3) Attempt the required number of questions only.

SECTION – A

(25 Marks)

All questions are compulsory.

1. (a) Material cost and factory cost are ₹ 2,38,000 and ₹ 4,30,000 respectively. If the factory overhead is absorbed at 60% of direct labour cost, then find the direct labour cost and factory overhead separately. 2
 - (b) If BEP is ₹ 39,00,000 at 65% level of sales and profit is ₹ 8,40,000 at 100% level of sales, find out the P/V ratio. 2
 - (c) If the fixed cost per unit is ₹ 40 at 40% level of capacity what should be fixed cost per unit at 80% level of capacity? 2
 - (d) Standard cost of material for output of 2,600 units is ₹ 71,500 and actual output is 2,550 units. If material mix variance is ₹ 1,095 adverse, find out material usage variance. 2
 - (e) The budgeted annual sales of a firm are ₹80 lakhs and 25% of the sales are cash sales. If the average amount of debtors of the firm is ₹ 5 lakhs, what will be the average collection period of credit sales? 2
 - (f) Sheena Ltd. is committed to supply 25,000 instruments per annum to Karishma Ltd. on regular basis. It is estimated that inventory holding cost per instrument per month amounts to 20 paise and that set up cost per run of instrument manufacturing is ₹ 330. What should be the optimum run size for instrument manufacturing? 2
 - (g) A company has 1,000 units of obsolete items which are carried in inventory at the original purchase price of ₹ 36,000 although their market value as scrap is only ₹ 4,000. If the items are re-worked for ₹ 12,000, they can be sold for ₹ 22,000. Find the relevant cost for selling the items. 2
2. (a) State whether there is any sequence of filing compliance report and cost audit report for a company which is required to file both. 1
 - (b) A company is covered under the Companies (Cost Accounting Records) Rules, 2014. But some of its products are not covered under cost audit. Dose the company need to file compliance report? 2
 - (c) A person is making internal audit in one of the factories manufacturing 'Washing Powder' in a company. He is proposed for appointment as cost auditor for the same period in another factory manufacturing 'Washing Powder' under the same company. Is the appointment as cost auditor in order? 2
3. Cost function is: $C = \frac{4}{5}x + \frac{16}{5}$, where x is output in units and C is cost in rupees.
Calculate:
 - (a) Cost when output is 5 units 2
 - (b) Average cost of 15 units 2
 - (c) Marginal cost 2

Please Turn Over

SECTION – B

(15×5=75 Marks)

Answer Question no. 4, 5 and 6 and any two from the rest.

4. (a) A radio manufacturer produces x sets per week at total cost of $x^2 + 78x + 2500$. He is a monopolist and demand function for the product is $x = (618 - P)/8$, when price in rupees is P per set. Find the optimal (profit maximizing) production per week. Also find monopoly price per set, total revenue, total cost and total profit at the optimal production. 10
- (b) Total revenue in rupees (R) from sale of x units is given by the equation $R = 90x - 3x^2$. Calculate the point price elasticity of demand, when marginal revenue is ₹ 12. 5
5. (a) What are the disqualifications for appointment as a Cost Auditor? State the duties of Cost Auditor. 5+4
- (b) Answer any two of the following sub-parts: 3×2
- (i) Under what circumstances a company can apply for exemption from application of the Companies (Cost Audit Report) Rules, 2014?
- (ii) What do you understand by Performance Appraisal Report (Form III)?
- (iii) State whether overall annual turnover/individual turnover definition will include other operational income like job work income, scrap sale, trading turnover, export benefits, sales of services etc.
- (iv) State whether maintenance of cost accounting records and cost audit thereof, subject to threshold limits prescribed, are applicable to products which are for 100% captive.
6. (a) What do you understand by transfer pricing? State the objectives of inter-division transfer pricing. 2+4
- (b) Answer any one of the following sub-parts: 4×1
- (i) Find primal from the Dual
Min. $W = 7y_1 + 9y_2 + 14y_3$
Subject to
 $2y_1 + 3y_2 \geq 4$
 $3y_1 + 2y_2 + 5y_3 \geq 5$
 $3y_2 + 4y_3 \geq 7$
And $y_1, y_2, y_3 \geq 0$
- (ii) State the four-fold classification of government's intervention in Indian Economy.
- (c) Answer any one of the following sub-parts: 5×1
- (i) Graphically explain the equilibrium of a firm under perfect competition in the short run.
- (ii) Draw an expansion path through an isoquant map and explain.
7. (a) Vishakha Ltd. commences a business of manufacturing Mobile Sets on 1st April 2015 and asked you to prepare a statement showing profit per mobile sold (charging labour and material at actual cost, works overheads at 100% of labour cost and office overheads at 25% of works cost) and a statement showing the reconciliation between profits as per cost accounts and profits as per Profit and Loss Accounts for the year ended on 31st March, 2016.

Two types of mobiles are manufactured by the company with no-finished or semi-finished stock on 31st march 2016. The relevant particulars are as under:

Mobile types	M	K
Produced and sold in 2015-16 ('000 units)	160	95
Average cost of material per mobile ₹	280	320
Average cost of labour per mobile ₹	480	580
Selling price per mobile ₹	1800	2400

The Works expenses were (₹ '00000) 1680 and office expenses were (₹'00000) 622.

- (b) Narrate the accounting treatment of scrap.

