INTERMEDIATE EXAMINATION

June 2015

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.

This paper contains four questions.

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

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.

1. Answer *all* questions:

(a) SHRIJINI LTD. having a Margin of Safety of ₹ 4 lakh makes a Profit of ₹ 80,000. If its Fixed Cost is ₹ 5 lakh, what will be Break-Even Sales of SHRIJINI LTD.? 2

(b) In a factory of ASHLIN LTD., where Standard Costing System is followed, the production department consumed 1100 kgs. of a material @ ₹ 8 per kg. for a Product-A resulting in material price variance of ₹ 2,200 (FAV) and material usage variance of ₹ 1,000 (Adv.). What is the standard material cost of Actual Production of a Product-A? 2

(c) OPTIMA LTD. operates a Throughput Accounting System. The details of Product-Z per unit are as under:

	₹
Selling Price	45
Material Cost	18
Conversion Cost	22
Return per hour for Product-Z	270

What is the time on bottleneck Resources (in minutes)? 2

(d) GYANI Transporter is running 8 buses between two cities which are 90 kilometres apart.
Seating capacity of each bus is 52 passengers but actual capacity is 80%.
Calculate the total passenger kilometres for the month of May 2015. 2

(e) A television company manufactures several components in batches.
The following data relate to one component:

Annual demand	32,000 units
Set up cost/batch	₹ 120
Annual rate of interest	12%
Cost of production per unit	₹ 16

Calculate the Economic Batch Quantity (EBQ). 2

Please Turn Over

(f) Whether separate form CRA-2 is required to be filed by a company, having 2 or more different types of products covered under Cost Audit? 2

(g) What are the powers of the Cost Auditor under the Companies Act, 2013? 2

(h) What do you mean by the term "Oligopoly"? 2

(i) What is Marginal Revenue Product (MRP)? 2

(j) The Cost of a product of MENZ LTD. is given by function $C(q) = 200q - 10q^2 + \frac{1}{3}q^3$. [Where C(q) stands for Cost function and q for output.]

Calculate, output at which average cost is equal to marginal cost. 2

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

(a) **(i)** VIBRANT LTD. a manufacturing Company, produces one main Product A and two by-products M and N.

For the month of May, 2015, following details are available:

Total Cost upto separation point ₹ 2,20,000.

Product/By-Product	A	M	N
Cost after separation		₹ 35,000	₹ 24,000
No. of units produced	4,000	1,800	3,000
Selling price per unit	₹ 100	₹ 40	₹ 30
Estimated net profit as percentage to sales value		20%	30%
Estimated selling expenses as percentage to sales value	20%	15%	15%

There is no beginning or closing inventories.

Required:

Prepare statement showing:

(1) Allocation of joint cost; and

(2) Product wise and overall profitability of the company for May, 2015. 5+5=10

(ii) Normal capacity of SUVAN LTD. is 240000 Units per annum. Cost structure for the year ending 31st March, 2015 is as follows:

Direct material cost per unit		₹ 25
Direct labour cost per unit (subject to a minimum of ₹ 2,50,000 per month)		₹ 20
Overheads:	Fixed	₹ 18,00,000
	Variable per unit	₹ 15

Semi variable ₹ 9,60,000 per year upto 50% capacity and additional ₹ 3,00,000 for every 20% increase in capacity or part thereof.

In the year 2015-16 the company to be worked at 60% capacity for the first four months but it was expected that it would work at 80% capacity for the remaining 8 months. During the first four months, the selling price per unit will be fixed at ₹ 100.

Required:

What should be the price per unit in the remaining eight months to earn a total Profit of ₹ 43,80,000? 4+6=10