

**CAAE-73 (E)**  
**COMMON ASSISTANT ACCOUNTS OFFICER EXAMINATION, 2017**  
**DECEMBER, 2018**

**COST AND MANAGEMENT ACCOUNTS**  
(Without Books)

Time Allowed : 2 Hours

Maximum Marks : 100

- Note :** 1. This question paper consists of 7 questions and 4 pages.  
2. Attempt any 5 questions.  
3. All questions carry equal marks.  
4. Due credit will be given to clear, precise and analytical answers.

1. (A) Describe following ratios & give 2 examples of each with formulas.  
(a) Liquidity Ratio  
(b) Coverage Ratio (10 Marks)
- (B) Define Costing & Explain any 8 advantages of Cost Accounting. (10 Marks)

2. (a) ABC Ltd. Has 3 Production Department & 4 Service Department. The Exp. for these department as per primary distributions summary is as follows :-

<u>Production Department</u>		<u>Service Department</u>	
Department.	Exp. Amount (Rs.)	Department	Exp. Amount (Rs.)
P1	30,000	Stores	4000
P2	26,000	Time Keeping & Accounts	3000
P3	24,000	Power	1600
	80,000	Canteen	1200
			9800

Additional Information

	P1	P2	P3
House Power of Machine	300	300	200
No. Of Workers	10	10	10
Value of Stores (Rs.)	2500	1500	1000

Apportion Cost of Service Department over Production Department

(12 Marks)

- (b) Calculate Labour Hour Rate of Worker from following data :-

Basic Pay	:	Rs.10,000 P.M.	
D.A.	:	Rs.3,000 P.M.	
Other Allowance	:	Rs.1,000 P.M.	
* No. of working days in a year	=		300
* 20 days are earned holidays.			
* A day has 8 working hours.			

(8 Marks)

3. Elegance Pvt. Ltd. Produces a product 'X' which passes through 2 processes . viz. Process A & Process B. The details for year ending 31<sup>st</sup> March are as follows :-

Particulars	Process A	Process B
40000 Units introduced at a cost of Material consumed	Rs. 3,60,000	-
Material Consumed	Rs 2,42,000	Rs. 2,25,000
Direct Wages	Rs. 2,58,000	1,90,000
Manufacturing Exp.	Rs. 1,96,000	Rs. 1,23,720
Out Put in Units	37,000	27,000
Normal Wastage	5%	10%
Scrap Value (p.u.) (Rs.)	15	20
Selling Price (p.u.) (Rs.)	37	61

Additional information.:

- (a) 80 % of output of Process A was passed on to next process & balance was sold. The entire output of Process B was sold.  
 (b) Indirect Exp. for the year was Rs. 4,48,080.

Required

- (a) Prepare Process A & Process B Account (15 Marks)  
 (b) Prepare Profit & Loss Account showing Net Profit/Net Loss for the year (5 Marks)

4. The Excel Company is considering the purchase of a machine. Two machines X and Y are available in the market . Each costing Rs. 5 lakhs. In comparing the profitability of the machines, a discounting rate of 10% is to be used and machine is to be written off in 5 years with nil residual value. Earning after taxation but before depreciation or cash inflows after tax are expected as below :

Year	X (Rs.)	Y (Rs.)
1	1,50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5	1,00,000	2,00,000

Please indicate which machine should be selected using following methods for ranking :-

- (i) Pay Back Method.  
 (ii) NPV Method.  
 (iii) Profitability Index (PI) Method.  
 (iv) Average Rate of Return Method.

The Discounting factors at 10 % are :-

Year	1	2	3	4	5
Discounting Factor	0.909	0.826	0.751	0.683	0.621

(20 Marks)

5. ABC Ltd. Produces a product "Excel" which is sold in a 10 KG packet. The standard cost per packet of product are as follows :-

Particulars	Amount (in Rs.)
Direct Material 10 KG @ 55 Per KG	550
Direct Labour 8 Hours @ 60 Per Hour	480
Variable Overhead 8 Hours @15 Per Hour	120
Fixed Overhead	<u>250</u>
	<u>1400</u>

Budget Output for 3<sup>rd</sup> Quarter of a year was 10,000 KG. Actual Output is 9000 KG. Actual cost for this Quarter are as follows :-

Particular	Amount (in Rs.)
Direct Material 8900 KG @ Rs.56 Per KG	4,98,400
Direct Labour 7000 Hours @ Rs.62 Per Hour	4,34,000
Variable Overhead	1,00,000
Fixed Overhead	2,00,000

Please calculate following :-

- Labour Cost Variance, Labour Rate Variance, Labour Efficiency Variance.
- Material Usage Variance, Material Price Variance, Material Cost Variance.
- Overhead Variances.

(20 Marks)

6. (a) What is Break Even Point? How it is computed?

(6 Marks)

- (b) A Company sells its product at Rs. 20 per unit. In a period, it produces & sells 10,000 units. It incurs a loss of Rs. 5 per unit. If the volume is raised to 20000 units, it earns a profit of Rs.5 per unit. Calculate Break Even Point both in terms of units as well as in sales.

(14 Marks)

**7. Answer Any Two :**

(a) Explain Scanner & its Functions

(10 Marks)

(b) Explain Components of Computer System

(10 Marks)

(c) Define:-

- (i) HTTPS
- (ii) Flash Memory
- (iii) DOT Matrix Printer
- (iv) MICR

(10 Marks)