Mock Test Paper - Series I: November, 2024

Date of Paper: 21st November, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE: GROUP – II

PAPER – 4: COST AND MANAGEMENT ACCOUNTING

Answers are to be given only in English except in the case of the candidates who have opted for Hindi medium. If a candidate has not opted for Hindi medium his/ her answer in Hindi will not be valued.

Working notes should form part of the answer.

Time Allowed – 3 Hours **Maximum Marks – 100**

1. *The question paper comprises two parts, Part I and Part II.*
2. *Part I comprises Case Scenario based Multiple Choice Questions (MCQs) for 30 marks*
3. *Part II comprises questions which require descriptive type answers for 70 marks.*

PART I – Case Scenario based MCQs

Part I is compulsory.

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario I

XYZ Manufacturing Ltd. is a mid-sized enterprise that has established a strong reputation in the field of precision engineering. The company specializes in producing high-quality engineering components that meet the stringent requirements of various industries including automotive, aerospace, medical devices, and industrial machinery. With a commitment to precision and excellence, XYZ Manufacturing Ltd. has positioned itself as a reliable supplier of critical components that demand the highest levels of accuracy and durability.

To maintain stringent control over its production costs and enhance cost efficiency, XYZ Manufacturing Ltd. operates under a standard costing system. This system plays a pivotal role in the company's financial and operational management. Standard costing involves setting predetermined costs for each production element, including materials, labor, and overheads. These predetermined costs, known as standard costs, serve as benchmarks against which actual production costs are measured.

Particulars	Budgeted Data	Actual Data
Units Produced	10,000 units	9,500 units
Fixed Overheads	₹ 20,00,000	₹ 19,50,000 + ₹ 1,00,000 (additional quality control cost for

		1,000 units chosen on sample basis)
Hours Worked	15,000 hours	14,250 hours
Variable Overhead Rate	₹ 50 per hour	₹ 50 per hour (first 10,000 hours) ₹ 60 per hour (additional hours)

Based on the given information, you are being required to answer the following questions (MCQs 1 to 5):

1. What is the Fixed Overhead Cost Variance for XYZ Manufacturing Ltd. in May 2024?
   (a) ₹ 50,000 (A)
   (b) ₹ 1,00,000 (A)
   (c) ₹ 1,50,000 (A)
   (d) ₹ 2,00,000 (A)
2. What is the Fixed Overhead Volume Variance for XYZ Manufacturing Ltd. in May 2024?
   (a) ₹ 50,000 (F)
   (b) ₹ 50,000 (A)
   (c) ₹ 1,00,000 (F)
   (d) ₹ 1,00,000 (A)
3. What is the Variable Overhead Efficiency Variance for XYZ Manufacturing Ltd. in May 2024?
   (a) ₹ 37,500 (A)
   (b) ₹ 42,500 (A)
   (c) ₹ 0
   (d) ₹ 25,000 (A)
4. What is the Variable Overhead Expenditure Variance for XYZ Manufacturing Ltd. in May 2024?
   (a) ₹ 40,000 (A)
   (b) ₹ 42,500 (A)
   (c) ₹ 45,000 (A)
   (d) ₹ 45,030 (A)
5. What is the Fixed Overhead Expenditure Variance for XYZ Manufacturing Ltd. in May 2024?
   (a) ₹ 50,000 (F)
   (b) ₹ 50,000 (A)
   (c) ₹ 1,00,000 (F)
   (d) ₹ 1,00,000 (A) **(5 x 2 Marks)**

Case Scenario II

A garment manufacturer has been producing and selling T-shirts exclusively for Indian market. His T-shirts are made of a specific material which is eco-friendly. It means that T-shirts are bio-degradable in soil after it becomes unsuitable for use.

This invention has been applauded throughout the country. Owner, Vikas, registered for the patent rights for his invention so that no one else could use it.

Vikas feels that this invention will also be liked in foreign markets, and thus plans to expand his business outside India. He feels that US market is the first foreign market he should tap into.

Current cost structure (each T-shirt):

Direct material	90
Direct labour	60
Special service	80
(Used in T-shirt making, 50% fixed)	
Fixed overhead	50
Administration overhead (fixed)	20
Total cost per T-shirt	300
(+) Profit margin	200
Selling price in India	500

There is no limitation of any resources in India. Vikas is able to sell 80,000 T-shirts each year. He is currently working at 80% of his total capacity.

After searching for potential customers in US, Vikas received an inquiry for 30,000 units from a wholesale distributor in California. As per the inquiry, order will be placed if price per T-shirt is reasonable and the order has to be satisfied in full.

Vikas decided to send a quote and the order was placed by the foreign client, on the same day. Vikas, without a second thought accepted the order, but did not feel the need to extend the manufacturing capacity; therefore he decided forgo a few Indian clients.

This foreign order also required special packaging. It is spent at 20% of the total prime cost per T-shirt. The production was done quickly and foreign consignment was transported to custom port via services from a carriage agency. It charged ₹ 80,000 for 1 truck, whose capacity was 500 kg, to transport whole of the consignment. Truck was 20% vacant after loading the consignment.

Bill of lading was filed and a professional fee of ₹ 25,000 for filing this was paid to a Chartered accountant. Custom port also charged ₹ 80 per kg per day to handle the material, storing it in warehouse, and for loading the goods on ship.

The shipping company, which was booked by Vikas for taking the consignment to US, got delayed due to bad weather. Stock was held at port for 5 days and on 6th day it was loaded on ship. Shipping company charged ₹ 2,800/ 10kg of goods. Insurance was charged flat at ₹ 1,11,000.

There is no custom duty on such exports.

Answer the following questions (MCQs 6 to 10):

6. Vikas had sufficient funds in his hands but he still raised a short-term working capital loan @ 6.5% p.a. for the satisfaction of this foreign order because he found a one time investment opportunity which was giving him 9.25% returns. Foreign order was accepted on 1st June and loan was taken on the same day. Repayment of the loan will be made on 1st September. Calculate net cash outflow due to this export order. Which of the following is correct?

   (a) ₹ 73,91,000

   (b) ₹ 75,47,750

   (c) ₹ 74,76,500

   (d) ₹ 71,06,000

7. What would have been the minimum price that Vikas could have quoted per T-shirt in US dollars? (exchange rate on 1st June, $1 = ₹ 83.86)

   (a) $ 4.23

   (b) $ 4.20

   (c) $ 4.17

   (d) $4.05

8. Payment from foreign client was received on 8th October when exchange rate was ₹ 86 for each US $. Calculate the profit earned from this export order if actual quoted price was $4.90 per T-shirt. Select the correct amongst following:

   (a) ₹ 40,65,500

   (b) ₹ 41,51,000

   (c) ₹ 39,94,250

   (d) ₹ 44,36,000

9. What is the net cash Inflow from this export order?

   (a) ₹ 55,36,000

   (b) ₹ 51,65,500

   (c) ₹ 52,51,000

   (d) ₹ 50,94,250

10. What is the Incremental benefit from this export order?

(a) ₹ 19,94,250

(b) ₹ 21,51,000

(c) ₹ 20,65,500

(d) ₹ 24,36,000 **(5 x 2 Marks)**

11. The rate of change in the composition of employee force over the average number of employees for the year is computed as 9% under 'separation method'. However, the same rate is computed as 15% and 30% under 'replacement method' and 'flux method' respectively.

Considering the average number of employees on roll during the year as 200, FIND OUT the number of employees -

(i) replaced, (ii) left and discharged and (iii) recruited and joined

(a) Replaced- 18 employees, left and discharged- 30 employees and recruited & joined- 42 employees

(b) Replaced- 30 employees, left and discharged- 42 employees and recruited & joined- 18 employees

(c) Replaced- 30 employees, left and discharged- 18 employees and recruited & joined- 42 employees

(d) Replaced- 42 employees, left and discharged- 18 employees and recruited & joined- 30 employees **(2 Marks)**

12. WHICH of the following item is not the cause of differences in Financial and Cost Accounts?

(a) Income tax not treated in Cost Accounts

(b) Dividends credited in Financial Accounts

(c) Losses on the sale of investments not treated in Financial Accounts

(d) Cost Accounts showing notional depreciation on the assets fully depreciated for which book value is nil **(2 Marks)**

13. Mefttal Ltd. is currently operating at 60% of its total capacity which is 1.5 times than the previous year. The total capacity of the company is 2,00,000 units.

Other information relating to the production is provided below:

(i) The total cost of production for the current year is ₹ 59,28,000, and for the previous year, it was ₹ 44,72,000.

(iii) No changes are anticipated in the cost structure for the upcoming years.

Selling price is ₹ 52 per unit and is expected to remain the same in the coming years.

You are required to CALCULATE Break-Even Point (in units).

(a) 1,20,000 units

(b) 40,000 units

(c) 80,000 units

(d) 1,00,000 units **(2 Marks)**

14. Parth Ltd. operates in insurance business. Previous Year, the company launched a new term insurance policy called 'Max Jivan' and incurred the following expenditure throughout the year:

Particulars	**Amount (₹)**
Claim management cost	52,82,000
Facilities cost	6,49,82,500
Employees cost	2,25,18,000
Cost of marketing of the policy	19,30,71,000
Policy development cost	4,86,50,000
Policy issuance cost	4,10,05,000
Policy servicing cost	13,40,65,500
Sales support expenses	4,44,80,000
Office administration cost	6,67,20,000
I.T. Cost	30,71,90,000
Postage and logistics	4,50,36,000

You are required to ASCERTAIN the cost of the policy 'Max Jivan' segregated into four main activities namely (a) Marketing and Sales support (b) Operations (c) I.T. Cost and (d) Support functions.

(a) Marketing and Sales support- ₹ 23,75,51,000, Operations - ₹ 22,90,02,500, I.T. Cost- ₹ 30,71,90,000 and Support functions- ₹ 19,92,56,500

(b) Marketing and Sales support- ₹ 28,62,01,000, Operations- ₹ 22,53,88,500, I.T. Cost- ₹ 30,71,90,000 and Support functions- ₹ 15,42,20,500

(c) Marketing and Sales support- ₹ 28,62,01,000, Operations- ₹ 18,03,52,500, I.T. Cost- ₹ 30,71,90,000 and Support functions- ₹ 19,92,56,500

(d) Marketing and Sales support- ₹ 24,17,21,000, Operations- ₹ 22,48,32,500, I.T. Cost- ₹ 30,71,90,000 and Support functions- ₹ 19,92,56,500 **(2 Marks)**

15. RN Ltd. manufactures two primary products, P^1 and P^2, through a joint process and a by-product, R^{12}, is produced spontaneously. The relationship between output quantities to the direct material input stays stable.

To allocate joint production costs to the primary products, the company utilizes the physical volume method.

During the month of March, company incurred joint production costs of ₹ 1,30,00,000. As the primary products are not freely marketable at the split-off point, they are processed further.

The net realizable value of the by-product is treated as deductions from the joint production costs before the joint costs are allocated to the primary products.

The information regarding company's production and its cost during the month of March is provided below:

Particulars	**P^1**	**P^2**	**R^{12}**
Output (kg.)	1,95,000	3,90,000	81,250
Selling price per kg.	₹ 200	₹ 120	₹ 40
Further processing costs	₹ 26,00,000	₹ 39,00,000	-

FIND OUT the amount of joint product cost to be allocated to P^2 by using the physical volume method.

(a) ₹ 65,00,000

(b) ₹ 97,50,000

(c) ₹ 39,00,000

(d) ₹ 32,50,000 **(2 Marks)**

PART-II – Descriptive Questions (70 Marks)

*Question No. **1** is compulsory.*

*Attempt any **four** questions out of the remaining **five** questions.*

1. (a) Petro Ltd. is a petroleum refining company which uses cracking process for producing gasoline, diesel and Heavy fuel oil (HFO). All three final products are extracted simultaneously at one common split-off point.

Gasoline and diesel are immediately available for sale upon separation, requiring no further processing. In contrast, heavy fuel oil (HFO) undergoes additional processing before it can be sold, as there is no market for it at the split-off point.

Throughout the year, the selling prices and total quantities sold for each item were as follows:

Product	Quantity sold (Gallons)	Selling Price per gallon (₹)
Gasoline	1,674	400
Diesel	4,743	300
Heavy fuel oil (HFO)	6,624	200

The selling prices listed above are projected to remain unchanged in the upcoming year.

The total joint manufacturing costs for the year amounted to ₹ 15,00,000, with an additional cost of ₹ 7,44,000 incurred for finishing Heavy fuel oil (HFO).

There were no opening inventories of gasoline, diesel and Heavy fuel oil (HFO). Though, at the end of the period, the following inventories of complete units were available: 1,620 gallons of gasoline, 540 gallons of diesel, and 225 gallons of Heavy fuel oil (HFO).

You are required to COMPUTE the following for gasoline, diesel and Heavy fuel oil (HFO)-

(i) joint cost allocated, and

(ii) cost of goods sold

using Net Realisable Value Method of joint cost allocation.

(5 Marks)

(b) The following information have been extracted from the cost records of a manufacturing company:

		(₹)
	Stores	
*	Opening balance	9,000
*	Purchases	48,000

*	Transfer from WIP	24,000
*	Issue to work-in-progress	48,000
*	Issue for repairs	6,000
*	Deficiency found in stock	1,800
	Work-in-Progress:	
*	Opening balance	18,000
*	Direct Wages applied	18,000
*	Overhead charged	72,000
*	Closing balance	12,000
	Finished Production :	
*	Entire production is sold at a profit of 10% on cost from work-in-progress	
*	Wages paid.	21,000
*	Overhead incurred	75,000

DRAW the Stores Leger Control A/c, Work-in-Progress Control A/c, Overheads Control A/c and Costing Profit and Loss A/c. **(5 Marks)**

(c) The management of a company wants to formulate an incentive plan for the workers with a view to increase productivity. The following particulars have been extracted from the books of company:

Piece Wage rate ₹ 10

Weekly working hours 40

Hourly wages rate ₹ 40 (guaranteed)

Standard/normal time per unit 15 minutes.

Actual output for a week:

Worker A: 176 pieces

Worker B: 140 pieces

Under Halsey scheme, worker gets a bonus equal to 50% of Wages of time saved.

CALCULATE earning of workers under Halsey's and Rowan's premium scheme. **(4 Marks)**

2. (a) Baba Ltd. belongs to an automotive industry, manufacturing hybrid bicycles. The production of bicycles passes through three departments, viz. X1, Y2, Z3. The bicycles being equipped with gears needs quality check from time to time. Thus, the company also operates two service departments, namely quality control (QC) and maintenance (M), for its bicycle.

Following information is extracted from the accounting books regarding expenses as incurred/ charged:

Particulars	(₹)
Rent and Rates	40,00,000
General Lighting	4,80,000
Indirect Wages	15,51,200
Power	12,00,000
Depreciation on Machines	80,00,000
Sundries	77,56,000

Additional information:

	Production Departments			Service Departments	
	X1	Y2	Z3	QC	M
Direct wages (₹)	24,00,000	16,00,000	24,00,000	12,00,000	1,56,000
Working hours	6,140	8,950	4,838	-	-
Value of machines (₹)	4,80,00,000	6,40,00,000	8,00,00,000	40,00,000	40,00,000
H.P. of machines	120	60	100	20	-
Light points	20	30	40	20	10
Floor space (sq. ft.)	4,000	5,000	6,000	4,000	1,000

A technical assessment unveiled the following basis for the apportionment of expenses of service departments:

	X1	Y2	Z3	QC	M
QC	20%	30%	40%	-	10%
M	40%	20%	30%	10%	-

You are required to DETERMINE the following:

(i) Overheads distributed to all the departments, viz. X1, Y2, Z3, QC and M.

(ii) Overheads total and rate per hour under all the Production Departments after redistribution of Service Department's Overhead.

(iii) Total cost of a bicycle, considering the Direct Material and labour Cost of ₹ 20,000 and ₹ 12,000 respectively, which is being processed for manufacturing in Departments X1, Y2 and Z3 for 4, 5 and 3 hours respectively. **(5 + 5 + 2 = 12 Marks)**

(b) Luxz Ltd. is into luxury pens business manufacturing 120 pens in a batch. To process a single batch of 120 pens, company needs to incur following expenditure:

Particulars	**(₹)**
Direct Materials	57,375
Direct wages	6,750
Batch Set-up cost	18,900

For each batch, the company absorbs the Production Overheads at a rate of 20% of direct wages and 15% of the total production cost is allocated to cover selling, distribution, and administrative overheads.

During the month of March, Luxz Ltd. received an order for 2,400 pens and the company aims to achieve a profit margin of 25% on its sales value.

You are required to DETERMINE the total sales value for 2,400 pens. **(2 Marks)**

3. (a) Following information is available from the books of YSPP Ltd. for the current year ending 31st March:

S. No.	**Particulars**	**(₹)**	**(₹)**
(i)	Raw materials purchased		35,00,00,000
(ii)	Freight inwards		39,22,100
(iii)	Wages paid to factory workers		1,02,20,000
(iv)	Contribution made towards employees' PF & ESIS		12,60,000
(v)	Hire charges paid for hiring specific equipment		8,40,000
(vi)	Amount paid for power & fuel		16,17,000
(vii)	Amount paid for purchase of moulds and patterns (life is equivalent to four years production)		31,36,000
(viii)	Job charges paid to job workers		28,42,000
(ix)	Lease rent paid for production assets		3,92,000
(x)	Depreciation on:		

	Factory building	2,94,000	
	Office building	1,96,000	
	Plant & Machinery	4,41,000	
	Delivery vehicles	3,01,000	12,32,000
(xi)	Salary paid to supervisors		4,41,000
(xii)	Repairs & Maintenance paid for: Plant & Machinery	1,68,000	
	Sales office building	63,000	2,31,000
(xiii)	Insurance premium paid for:		
	Plant & Machinery	1,09,200	
	Factory building	63,350	
	Stock of raw materials & WIP	1,26,000	2,98,550
(xiv)	Expenses paid for quality control check activities		68,600
(xv)	Salary paid to quality control staffs		3,36,700
(xvi)	Research & development cost paid for improvement in production process		63,700
(xvii)	Expenses paid for administration of factory work		4,15,100
(xviii)	Salary paid to functional mangers:		
	Production control	33,60,000	
	Finance & Accounts	32,13,000	
	Sales & Marketing	35,42,000	1,01,15,000
(xix)	Salary paid to General Manager		43,96,000
(xx)	Packing cost paid for:		
	Primary packing necessary to maintain quality	3,36,000	
	For re-distribution of finished goods	3,92,000	7,28,000
(xxi)	Fee paid to auditors		6,30,000
(xxii)	Fee paid to independent directors		7,70,000
(xxiii)	Value of stock as on 1st April (beginning):		
	Raw materials	63,00,000	

	Work-in-process	32,20,000	
	Finished goods	38,50,000	1,33,70,000
(xxiv)	Value of stock as on 31st March (ending):		
	Raw materials	33,60,000	
	Work-in-process	30,45,000	
	Finished goods	63,00,000	1,27,05,000

Due to delay in picking up cargo from the port, YSPP Ltd. had to pay ₹ 15,000 as demurrage in the month of March.

From the above data you are required to PREPARE Statement of cost for YSPP Ltd. for the year ended 31st March, showing (i) Prime cost, (ii) Factory cost, (iii) Cost of Production, (iv) Cost of sales.

(2 + 2 + 2 + 2 = 8 Marks)

(b) Following information is extracted from the purchase department of A Ltd.:

(i) Number of units to be purchased during the year is 10,000

(ii) Cost of placing a purchase order is ₹ 40

(iii) Purchase price per unit is ₹ 80

(iv) Insurance charges to be paid for protecting goods during transit is ₹ 20 per unit

(v) Cash discount to be received is 2%

(vi) Annual cost of storage per unit is ₹ 5

(vii) Details of lead time:

Average-	20 days
Maximum-	30 days
Minimum-	10 days
For emergency purchases-	8 days.

(viii) Rate of consumption:

Average-	30 units per day
Maximum-	40 units per day.

From the information given above, you are required to CALCULATE:

(i) Re-ordering level

(ii) Maximum level

(iii) Minimum level

(iv) Danger level. **(6 Marks)**

4. (a) Xtyle Ltd. is a leading manufacturer in the textile industry, renowned for its commitment to quality and innovation. With decades of experience, the company specializes in producing a diverse range of textile products, including high-quality towels, designed to meet the varying needs of its

customers. The company offers mainly three types of towel, viz. Hand towels, Kitchen towels and Gym towels, catering to both everyday use and specialized applications. Below are the key production data for a recent period:

Particulars	Hand towels	Kitchen towels	Gym towels
Production (units)	9,000	15,000	60,000
Machine hours per unit	10	18	14
Direct Labour hours per unit	4	12	8
Direct Material per unit (₹)	450	400	600

Currently, the company utilizes a traditional costing method, which assigns all production overhead costs based on the number of machine hours used. The overhead cost is calculated at a rate of ₹ 30 per machine hour. Additionally, the direct labor cost is charged at ₹ 100 per hour.

Now, the company plans to implement an Activity-Based Costing (ABC) system to enhance cost accuracy and provide a clearer understanding of the costs associated with each product.

The activity analysis is provided as under:

Particulars	Hand towels	Kitchen towels	Gym towels
Batch size (units)	450	1,500	3,000
Number of purchase orders per batch	3	10	8
Store delivery	45	80	125
Number of inspections per batch	5	4	3

Further, the total production overheads can be divided into several key categories. Machine setup costs account for 20% of the total, while inspection costs make up 35%. Material procurement-related costs represent 10%, and store delivery costs also constitute 10%. Finally, machine operation costs contribute 25% to the overall overheads. This breakdown provides insight into how resources are allocated across various activities within the production process.

You are required to CALCULATE the cost per unit of each product using -

(i) traditional method.

(ii) activity based costing principles. **(6 Marks)**

(b) The following information relates to Anu Limited, a AI enabled toy manufacturing company:

The selling price of a toy is ₹ 3,000, and sales are made on credit and invoiced on the last day of the month.

Variable costs of production per toy are materials (₹ 1,000), labour (₹ 800), and overhead (₹ 400)

The sales manager has forecasted the following volumes:

Month	No. of Toys
November	1,000
December	1,000
January	1,000
February	1,250
March	1,500
April	2,000
May	1,900
June	2,200
July	2,200
August	2,300

Customers are expected to pay 50% One month after the sale and 50% Two months after the sale.

The company produces the toys two months before they are sold and the creditors for materials are paid two months after production.

Variable overheads are paid in the month following production and are expected to increase by 25 % in April; 75% of wages are paid in the month of production and 25% in the following month. A wage increase of 25% will take place on 1st March.

The company needs funds for the running the business and purchase of new machine so it will sell one of its freehold properties in June for ₹ 20,00,000, and buy a new machine in June for ₹ 5,00,000. Depreciation is currently ₹ 10,000 per month, and will rise to ₹ 15,000 after the purchase of the new machine.

The company's corporation tax of ₹ 1,00,000 is due for payment in March.

The company presently has a cash balance at bank on 31 December 2023, of ₹ 50,000.

You are required to PREPARE a cash budget for the six months from January to June, 2024. **(8 Marks)**

5. (a) Hawtt Veel is a renowned brand of HV Ltd. which manufactures toy car. The manufacturing process of the toy cars at first involve designing the parts, creating the mold and then simultaneously melting the plastic. As the mold created last year is being used as it is for the current year, the first process involves only melting the plastic (Process I). The next process is about injecting the plastic into the mold and assembling the parts formed (Process II).

During the month of April, the materials for 1,20,000 toy cars were put through Process I of which melting process were completed for 90,000 toy cars only before transferring to Process II.

The costs incurred in Process I are as follows:

Direct material	₹ 22,50,000
Direct wages	₹ 27,00,000
Factory overheads	₹ 18,00,000

Degree of completion for those not transferred to Process II is as follows:

Materials	100%
Labour and overheads	50%

Out of those transferred to Process II for injecting and assembling, 84,000 units of toy car were completed and transferred to finished goods store for protective packing. The process of protective packing is done at the end of the Process II and the costs incurred are as follows:

Packing materials	₹ 6,00,000
Direct wages	₹ 5,25,000
Factory overheads	₹ 6,75,000

There was a normal loss of 600 units in Process II with no salvage value.

Some units were still in progress under Process II and thus, shifted for the next month process. The degree of completion for those not transferred to finished goods store is as follows:

Materials	100%
Labour and overheads	25%

You are required to PREPARE-

(i) Statement of Equivalent Production, Cost per unit and Process I A/c.

(ii) Statement of Equivalent Production, Cost per unit and Process II A/c. **(10 Marks)**

(b) EXPLAIN the Usefulness/Suitability of ABC. **(4 Marks)**

6. (a) Cost and Management Accounting information is used by different stakeholders. The users of the information can be broadly categorised into internal and external to the entity.

GIVE two examples of internal users and three examples of external users and EXPLAIN how they are concerned with the Cost and Management Accounting information. **(5 Marks)**

(b) EXPLAIN the Methods for ascertaining Service Cost Unit. **(5 Marks)**

(c) Despite the many benefits of Budgetary Control System, it does have its own limitations. DISCUSS those limitations. **(4 Marks)**

OR

(d) IDENTIFY the method of costing in the following cases and give one example of industry where this method is followed:

(i) Cost of each job is ascertained separately. It is suitable in all cases where work is undertaken on receiving a customer's order.

(ii) Cost of completing each stage of work is ascertained.

(iii) Each group is treated as a unit of cost and thus separately costed. Here cost per unit is determined by dividing the cost of the group by the number of units produced.

(iv) A combination of two or more methods of costing. **(4 Marks)**