Reg. No. | | | | | | | | | |

BBMBMC 363

Credit Based VI Semester B.B.M. Degree Examination, April/May 2018
(2012 Scheme)
COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours   Max. Marks : 120

***Instruction : Show** working notes **wherever** necessary.*

SECTION – A
(2 marks each)

Answer **any ten** questions from the following : **(2×10=20)**

1. a) What is retention money ?
   b) What is break even point ?
   c) What do you mean by margin of safety ?
   d) What do you mean by flexible budget ?
   e) What is Batch Costing ?
   f) What do you mean by abnormal loss ?
   g) Give the meaning of Work Certified.
   h) Define Management Accounting.
   i) What is notional profit ?
   j) What is variance ?
   k) What do you mean by Standard Costing ?
   l) What is a key factor ?

P.T.O.

SECTION – B

(8 marks each)

Answer **any five** questions: **(8×5=40)**

2. Draw a break even chart and show the following :

   a) BEP

   b) Profit region

   c) Loss region

   d) Angle of incidence

   e) Fixed cost region

   f) Variable cost region

   g) Margin of safety.

3. Explain the principles involved in taking of profit on incomplete contracts.

4. The following information is related to Job No. 666

   Materials ₹ 10,000

   Direct wages :

   Department A : 10 hours @ ₹ 50 per hour

   Department B : 8 hours @ ₹ 60 per hour

   Department C : 5 hours @ ₹ 80 per hour

   The estimated variable overheads :

   Department A : ₹ 1,40,000 for 7000 hours

   Department B : ₹ 1,20,000 for 3000 hours

   Department C : ₹ 80,000 for 1000 hours

   The estimated fixed overheads are ₹ 3,00,000 for 7500 normal working hours. Prepare Job Cost Sheet providing for profit @ 25% on turnover.

5. Following data related to production activity, when the production was 600 units :

Materials	:	₹ 120 per unit
Labour	:	₹ 50 per unit
Direct expenses	:	₹ 15 per unit
Factory expenses	:	₹ 50,000 (40% fixed)
Administrative expenses	:	₹ 35,000 (60% fixed)

Prepare flexible budget for 800 units.

6. The following information is given :

Standard quantity	:	2500 units
Actual quantity	:	2600 units
Standard price	:	₹ 10 per unit
Actual price	:	₹ 11 per unit

Calculate :

a) Material cost variance

b) Material price variance

c) Material usage variance.

7. Total sales ₹ 5,00,000

Variable expenses ₹ 2,75,000

Net profit ₹ 1,08,000

Find :

1) P/V ratio

2) BEP

3) Margin of safety

4) Profit when sales ₹ 8,00,000.

8. Murali Transport Company having a fleet of trucks undertakes to carry waste material. They have the following capacity vehicles.

Number of vehicles	**Capacity**
40	5 tons
20	4 tons
50	3 tons

On an average, each vehicle makes 5 trips a day and in each trip covers an average distance of 5 kms. The truck carries only 75% of its capacity, 20% of the vehicles are laid up for repairs every day. Assuming that a month consists of 30 days. Calculate total ton kilometres.

SECTION – C
(20 marks each)

Answer **any three** questions : **(20×3=60)**

9. Prathap Builders Ltd., having an authorised capital of ₹ 1,00,000 divided into 1,000 ordinary shares of ₹ 100 each. Commenced operations on 1st January 2016. During the year it was engaged in a contract, the contract price being ₹ 4,00,000. Trial Balance extracted from their books on 31st Dec. 2016 stood as follows :

	₹	₹
Share capital being 80% paid up	–	80,000
Creditors	–	8,000
Land and building at cost	34,000	–
Cash at bank	9,000	–
Materials	80,000	–
Plant	15,000	–
Wages	1,05,000	–
Expenses	5,000	–
Cash received being 80% of work certified	–	1,60,000
	2,48,000	**2,48,000**

Of the plant and materials charged to the contract, plant costing ₹ 2,000 and materials costing ₹ 2,000 were destroyed by an accident.

On 31st December 2016 plant which cost ₹ 4,000 was returned to store, value of materials on site was ₹ 4,000, cost of work uncertified was ₹ 2,000.

Charge depreciation at the rate of 10% on Plant and carry to Profit and Loss Account 2/3rd of profit as reduced to percentage of cash received.

Prepare Contract Account for the year and Balance Sheet as on 31st December 2016 and show your calculation of the amount to be credited to Profit and Loss Account.

10. A product passes through three processes A, B and C. The normal wastage of Process A – 3%, Process B – 5% and Process C – 8%. Wastage of Process A was sold at ₹ 2 per unit, that of B at ₹ 4 per unit and that of C at ₹ 8 per unit.

10,000 units were issued to process A at a cost of ₹ 1.00 per unit. The other details are as follows :

	A	B	C
Sundry materials(₹)	1,000	1,500	500
Labour (₹)	5,000	6,500	6,500
Direct expenses (₹)	1,050	1,188	1,050
Actual output (Units)	9,500	9,100	8,100

Prepare Process Accounts, Abnormal Loss and Abnormal Gain Account.

11. The following figures are available from financial books of Diana Co. Ltd. for the year ending 31-12-2017 :

	₹
Direct materials	2,50,000
Direct wages	1,00,000
Factory overheads	3,80,000
Administrative overheads	2,50,000
Selling and Distribution overheads	4,80,000
Bad debts written off	20,000
Preliminary expenses written off	10,000

Garage rent	₹ 150 per week
Cost of lorry (excluding tyres)	₹ 4,50,000
Life of lorry	80000 km
Insurance	₹ 6,500 per year
Cost of tyres	₹ 6,250
Life of tyres	25000 km
Estimated sale value of lorry at the end of life	₹ 50,000
License cost	₹ 1,300 per year
Other overhead cost	₹ 41,600 per year

You are required to calculate Operating Cost.
