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?
 - i) What is variance?
 - k) What do you mean by Standard Costing?
 - I) What is a key factor?

SECTION – B (8 marks each)

Answer any five questions:

 $(8 \times 5 = 40)$

- 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.

Prepart do you mean by flexible budget?

T What is variance?

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.



 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:

 $(20 \times 3 = 60)$

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	age verlance	80,000
Creditors	<u>a</u> pe,de,3	8,000
Land and building at cost	34,000	eqxereide <u>u</u> sV
Cash at bank	9,000	.i Phiosofall
Materials	80,000	-
Plant	15,000	_
Wages	1,05,000	- 1 5 V V T 1 1 5
Expenses	5,000	996.(\$)
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 $\frac{2}{3}^{rd}$ 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.

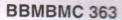
10. A product passes through three processes A, B and C. The normal wastage of Process A – 3%, Process B – 5% and Process C – 8%. Wastage of Process A was sold at ₹ 2 per unit, that of B at ₹ 4 per unit and that of C at ₹ 8 per unit. 10,000 units were issued to process A at a cost of ₹ 1.00 per unit. The other details are as follows:

Jimu tog 1 7 is bereving	A son everhead was t	В	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:

	ATTACK CARRY €
Direct materials we various and assessment and another	2,50,000
Direct wages people visual at visual and and and	1,00,000
Factory overheads	3,80,000 and emply on
Administrative overheads	2,50,000
Selling and Distribution overheads	4,80,000
Bad debts written off	20,000
Preliminary expenses written off	
2 100 per week	10,000





Garage rent

Cost of lorry (excluding tyres)

Life of lorry

Insurance

Cost of tyres

Life of tyres

Estimated sale value of lorry at the end of life

License cost

Other overhead cost

You are required to calculate Operating Cost.

₹ 150 per week

₹ 4,50,000

80000 km

₹ 6,500 per year

₹ 6,250

25000 km

₹ 50,000

₹ 1,300 per year

₹ 41,600 per year