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

BBABMC 363/BBMBMC 363

VI Semester B.B.A./B.B.M. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2012 Scheme)

COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours] [Max. Marks : 120

Instructions : *Support your answer with working notes wherever necessary.*

SECTION – A

1. Answer **any ten** of the following, **2** marks each : **(10 × 2 = 20)**

(a) What is work certified?

(b) What is Break Even Point?

(c) What do you mean by Master budget?

(d) What is the meaning of variance?

(e) What do you mean by Margin of Safety?

(f) What is meant by Notional profit?

(g) What is abnormal loss?

(h) What do you mean by zero base budgeting?

(i) What is batch costing?

(j) What is retention money?

(k) What is meant by over recovery of overhead?

(l) What is meant by contribution?

SECTION – B

Answer **any five** questions from the following, **8** marks each : **(5 × 8 = 40)**

2. What are the causes for difference between profit shown in cost account and profit shown in financial account?

3. Draw up break even chart and show the following :

   (a) BEP

   (b) Loss region

   (c) Profit region

   (d) Angle of incidence

   (e) Margin of safety

4. The following information is available from the books of Komal Engineering works in respect of Job No. 777.

   Materials ₹ 50,000

   Wages :

   Department X : 300 hours at ₹ 6 per hour

   Department Y : 200 hours at ₹ 4 per hour

   Department Z : 100 hours at ₹ 10 per hour

   Variable overhead :

   Department X : ₹ 50,000 for 10,000 hours

   Department Y : ₹ 30,000 for 6000 hours

   Department Z : ₹ 20,000 for 1000 hours

   Fixed overhead : ₹ 40,000 for 40,000 working hours

   Calculate the cost of job number 777 and the price so as to earn a profit of 20% on selling price.

5. A manufacturing company has supplied you the following information in respect of its product :

   Total fixed cost ₹ 3,60,000

   Total variable cost ₹ 6,00,000

   Total sales ₹ 12,00,000

   Units sold 40,000 units

   Find out :

   (a) Contribution

   (b) BEP

   (c) Margin of safety

   (d) Profit

   (e) Volume of sales to earn a profit of ₹ 4,00,000.

6. The following details are given :

Standard quantity 3000 units

Actual quantity 2500 units

Standard price ₹ 6 per unit

Actual price ₹ 5 per unit

Calculate :

(a) Material cost variance

(b) Material price variance

(c) Material usage variance

7. The following data relates to 8000 units of production.

Material cost per unit ₹ 60

Labour cost per unit ₹ 40

Direct expenses per unit ₹ 30

Factory overhead per unit ₹ 20

(60% variable)

Office overhead per unit ₹ 30

(70% fixed)

Prepare budget for 6000 units.

8. From the following details you are required to prepare a reconciliation statement and find out profit or loss as per financial account.

(a) Net profit as per cost account ₹ 3,00,000

(b) Works overhead under – recovered in cost account ₹ 6,000

(c) Administrative overhead recovered in excess in cost account ₹ 3,000

(d) Interest on investment ₹ 15,000

(e) Income tax ₹ 80,000

(f) Stores adjustment credited in financial account ₹ 950

(g) Depreciation on stock charged in financial account ₹ 3,000

SECTION – C

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

9. The following figures have been extracted from the financial accounts of Sunlight Ltd. for the year ended 31-12-2018.

	₹
Direct Material	20,00,000
Direct Wages	20,00,000
Factory overhead	7,50,000
Administration overhead	4,50,000
Selling overhead	4,30,000
Bad debt	50,000
Preliminary expenses written off	10,000
Legal charges	5,000
Dividend received	50,000
Interest received	10,000
Sales (60,000 units)	60,00,000
Closing stock :	
Finished goods (2000 units)	1,60,000
W-I-P	1,20,000

Cost accounts for the year show that direct material consumption was ₹ 25,00,000. Factory overhead is recovered at 20% on prime cost Administration overhead is recovered at ₹ 6 per unit and selling and distribution overhead is recovered at ₹ 8 per unit.

Prepare profit and loss account, cost sheet and reconciliation statement.

10. A company undertook a contract, the price of which was ₹ 5,00,000. Following details are given as on 31-12-2018.

Particulars :	Debit	Credit
Share capital	–	1,20,000
Creditors	–	10,000
Cash received (80% of work certified)	–	2,00,000
Land and Building	50,000	–
Bank balance	18,000	–

Particulars :	Debit	Credit
Charged to contract :		
Materials	1,00,000	–
Plant	15,000	–
Wages	1,30,000	–
Expenses	17,000	–
	3,30,000	3,30,000

Of the plant and materials charged to the contract plant costing ₹ 5,000 and materials costing ₹ 4,000 were lost.

On 31.12.2018 plant costing ₹ 5,000 was returned to stores. Cost of work uncertified was ₹ 2,000 and materials costing ₹ 4,000 were in hand at site charge 10% depreciation on plant.

Prepare contract account and Balance sheet as on that date.

11. A product passes through three processes P, Q and R. The normal wastage of processes : P – 3%, Q – 5% and R – 8%.

Wastage of process P was sold at ₹ 2/unit, that of Q at ₹ 4/unit and that of R at ₹ 8/unit. 10,000 units were issued to process P at a cost of ₹ 5 per unit. The other details are as follows :

	P	Q	R
Sundry materials (₹)	1000	1500	500
Labour (₹)	5000	6500	6500
Direct expenses (₹)	1000	1200	1100
Actual output (units)	9500	9100	8100

Prepare process accounts, abnormal loss account and abnormal gain account.

12. Shantha Transport Ltd. owns a bus which runs between Delhi and Chandigarh and back for 10 days in a month. The distance between Delhi to Chandigarh is 240 kms. The bus completes the trip from Delhi to Chandigarh and back on the same day.

The bus goes another 10 days in a month towards Agra and the distance between Delhi and Agra is 190 kms. This trip is also completed in the same day. For the rest of 4 days in the month it runs in the city covering a distance of 70 kms per day.

Other details are as follows :

Driver's salary per month ₹ 10,500

Conductor's salary per month ₹ 10,500

Token tax per month ₹ 18,000

Repair and maintenance per month ₹ 15,000

Cost of the bus ₹ 20,00,000

Life of the bus 10 years

Scrap value ₹ 2,00,000

Insurance per annum ₹ 5,400

Accountant's salary per month ₹ 4,800

Lubricant ₹ 200 per 100 km

Permit fees ₹ 5,000 per month

Normal capacity of the bus 50 passengers.

Diesel consumption 9 kms per litre at ₹ 45 per litre.

The bus is generally occupied 90% of the capacity between Delhi and Chandigarh, 80% between Delhi and Agra and it is always full when it runs within the city.

Calculate rate per passenger km. When a profit of 33.33% of taking is to be maintained?
