

Reg. No.

--	--	--	--	--	--	--	--	--	--



BBABMC 363/ BBMBMC 363

Credit Based VI Semester B.B.A./B.B.M. Degree
Examination, September/October 2021
(2012 Scheme)

COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 120

Instruction : Show working notes wherever necessary.

SECTION – A

Shri Dharmasthala Manjunathaswara
College of Business Management Library
MANGALORE - 575 003

(Two Marks each)

Answer any ten questions from the following :

(10×2=20)

1. a) Define flexible budget.
- b) What is notional profit ?
- c) What do you mean by batch costing ?
- d) What is retention money ?
- e) What do you mean by abnormal gain ?
- f) What is break even point ?
- g) What is P/V ratio ?
- h) What is variance ?
- i) Give the meaning of management accounting.

P.T.O.



- j) What is margin of safety ?
- k) What do you mean by byproduct ?
- l) What is work certified ?

SECTION – B

(Eight Marks each)

(5×8=40)

Answer any five questions :

2. Draw a Break-even chart and show the following :
 - a) BEP
 - b) Loss region
 - c) Profit region
 - d) Angle of incidence
 - e) Fixed cost region
 - f) Variable cost region
3. Explain the principles involved in taking profit on incomplete contracts.
4. The details given below relate to 50% activity, when the production was 500 units :
 - Materials : Rs. 120 per unit
 - Labour : Rs. 50 per unit
 - Expenses : Rs. 15 per unit
 - Factory expenses : Rs. 50,000 (40% fixed)
 - Administration expenses : Rs. 40,000 (60% fixed)Prepare a flexible budget for 70% capacity.



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

Total fixed cost	Rs. 72,000
Total variable cost	Rs. 1,20,000
Total sales	Rs. 2,40,000
Units sold	40,000 units

Find out :

- 1) Contribution
- 2) Break even point
- 3) Margin of safety
- 4) Profit
- 5) Volume of sales to earn a profit of Rs. 96,000.

Shri Dharmasthala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003

6. Prepare a job cost sheet for the following :

Material Rs. 8,020

Wage : Department 'A'; 60 hours at Rs. 60

Department 'B' ; 40 hours at Rs. 40

Department 'C' ; 20 hours at Rs. 20

Variable overhead ; Rs. 4 per hour

Fixed overhead ; Rs 60,000 for 10,000 hours profit 20% on sales.



7. The following information is given pertaining to material 'M' in a factory.

Standard quantity 1000 units

Actual quantity 1060 units

Standard price Rs. 20 per unit

Actual price Rs. 24 per unit

Calculate :

- a) Material cost variance
 - b) Material price variance
 - c) Material usage variance.
8. From the following details prepare a reconciliation statement and find out profit or loss as per P and L A/c.
- a) Net profit as per cost account Rs. 3,00,000
 - b) Works overhead under recovered in cost account Rs. 6,000.
 - c) Administrative overhead recovered in excess in cost A/c Rs. 3,000.
 - d) Interest on investment Rs. 15,000
 - e) Income tax Rs. 80,000
 - f) Commission received Rs. 950
 - g) Depreciation on stock charged in P and L A/c Rs. 3,000.



SECTION – C

(Twenty Marks each)

Shri Dharmasthala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003

Answer **any three** questions :

(3x20=60)

9. 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 Rs. 2/unit, that of B at Rs. 4/unit and that of C at Rs. 8/unit.

10000 units were issued to process A at a cost of Rs. 1.00/unit.

The other details are as follows :

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

Prepare process accounts, abnormal loss and abnormal gain account.

10. Prathap Builders Ltd. having an authorised capital of Rs.1,00,000 divided into 1,000 ordinary shares of Rs. 100 each, commenced operations on 1st Jan. 2020. During the year it was engaged in a contract, the contract price being Rs. 4,00,000. Trail balance extracted from their books on 31st December 2020 stood as follows :

	Rs.	Rs.
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 Rs. 2,000 and materials costing Rs. 2,000 were destroyed by an accident.

On 31st December 2020 plant which cost Rs. 4,000 was returned to store, value of materials on site was Rs. 4,000, cost of work uncertified was Rs. 2,000.

Charge depreciation at the rate of 10% on plant.

Prepare contract A/c for the year and also the balance sheet as on 31st December 2020.

11. Prakash Transport Ltd. owns 10 taxis costing Rs. 2,00,000 each. The following information is available from the records of firm for August 2020 :

	Rs.
Road Tax per taxi	100
Salary	
— Manager	1,200
— Accountant	1,000
— Cleaner	400
— Mechanic	800
— Garage rent	1,200



Insurance premium 2% p.a.	
Driver's salary (per taxi)	2,600
Repairs per annum per taxi	3,200
Diesel, oil etc per litre	48
Sundry expenses per 100 km	10
Kilometre run per litre of diesel	10

Shri Dharmasthala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003

Total life of the taxi is about 2,00,000 km. A taxi runs in all 3,000 km in a month of August 30% it runs empty.

Calculate the cost of running a taxi per km.

12. The following figures have been extracted from the Financial A/c of Moon Tech. Ltd. for the year 2019 :

	Rs.
Direct material	25,00,000
Direct Wages	15,00,000
Factory Overhead	8,00,000
Administration overheads	3,50,000
Selling and Distribution overheads	4,80,000
Bad Debt	40,000
Preliminary expenses written off	20,000
Legal charges	5,000
Dividend Received	50,000



Interest received	10,000
Sales (60000 units)	60,00,000
Closing stock :	
Finished goods (2000 units)	1,60,000
W.I. P.	1,20,000

Cost A/c of the year show that the direct material consumption was Rs. 28,00,000. Factory overheads is recovered at 20% on prime cost. Administration overhead is recovered at Rs. 6 per unit and selling and distribution overheads is recovered at Rs. 8 per unit.

Prepare Profit and Loss A/c as per Financial A/c and cost sheet. Reconcile the profit as per the two records.
