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**BBMBMC 363**



**Credit Based VI Semester B.B.M. Degree Examination, April/May 2015  
(2012 Scheme)**

**COST AND MANAGEMENT ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

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

**SECTION – A (Two marks each)**

**(2×10=20)**

Answer **any ten** of the following :

1. a) Define management accounting.
- b) What is batch costing ?
- c) What do you mean by contribution ?
- d) What do you mean by standard costing ?
- e) What is break even point ?
- f) What is work certified ?
- g) What do you mean by notional profit ?
- h) What is margin of safety ?
- i) What do you mean by abnormal loss ?
- j) What is retention money ?
- k) What do you mean by by-product ?
- l) What is variance ?

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6. 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 showing marginal cost and total cost for 70% activity.

7. From the following particulars calculate material variances, quantity of materials purchased is 3000 units.

Value of materials purchased is ₹ 9,000. Standard quantity of material for one ton of finished product is 25 units. Standard rate of material is ₹ 2/unit. There is no opening stock of materials closing stock of materials is 500 units. Finished production during the period is 80 tons.

8. You are required to prepare a reconciliation statement from the following information :

	₹
Net loss as per cost accounts	3,44,800
Net loss as per Financial accounts	4,32,090
Works overhead underrecovered in cost accounts	6,240
Depreciation overcharged in cost accounts	2,600
Administrative overhead recovered more in cost accounts	3,400
Interest on investment	17,500
Goodwill written off in financial books	11,400
Income tax	80,600
Stores adjustment (credit) in financial accounts	950
Depreciation on stock charged in financial accounts	13,500



## SECTION – C (Twenty marks each)

(20×3=60)

Answer any three questions :

9. The following figures have been extracted from the financial accounts of Moontech Ltd. for the year 2014.

	₹		₹
Direct material	25,00,000	Legal charges	5,000
Direct wages	15,00,000	Dividend received	50,000
Factory overhead	8,00,000	Interest received	10,000
Administration overheads	3,50,000	Sales (60000 units)	60,00,000
Selling and distribution overheads	4,80,000	Closing stock : Finished goods (2000 units)	1,60,000
Bad debt	40,000	W-I-P	1,20,000
Preliminary expenses written off	20,000		

Cost accounts for the year show that the direct material consumption was ₹ 28,00,000. 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 as per financial accounts and cost sheet. Reconcile the profit as per the two records.





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 Rs. 2/unit, that of B at Rs. 4/unit and that of C at ₹ 8/unit. 10000 units were issued to process A at a cost ₹ 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)	9500	9100	8100

Prepare process accounts, abnormal loss and abnormal gain account.

11. Nirman Nirmithi Company Ltd. supply the following particulars relating to the Contract No. 205 are supplied to you for the year ending 30<sup>th</sup> June 2014.

	₹
Materials : Sent from stores	80,000
Supplied by suppliers	5,000
Wages	70,000
Plant installed at site	15,000
Direct expenditure	4,000
Establishment charges	3,000
Wages accrued on 30 <sup>th</sup> June 2014	500
Material returned to store	500
Work certified	2,00,000

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Work uncertified	5,600
Material sold (cost ₹ 200)	300
Plant lost by fire	1,000
Value of plant on 30 <sup>th</sup> June	12,000
Material at site on 30 <sup>th</sup> June	1,000
Contract price is	5,00,000
Cash received from the contractee is	1,60,000

Prepare Contract Account, Contractee's Account and also show the relevant entries in the Balance Sheet.

12. Sugama Transport Ltd. owns a bus which runs between Delhi and Chandigarh and back for 10 days in a month. The distance from 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 is also completed in the same day. For the rest of 4 days of its operations in a month, it runs in the local city covering a distance of 70 kms per day. Calculate the rate per passenger km. When a profit of 33.33% on takings is maintained.

Other information is as follows :

	₹
Salary of conductor per month	10,500
Token tax per month	18,000
Repairs and maintenance per month	15,000
Driver's salary per month	10,500
Cost of the bus	20,00,000



The life of the bus 10 years.

Scrap value of bus after 10 years

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Insurance per annum

5,400

Accountants salary per month

4,800

Lubricant oil ₹ 200 per 100 kms.

Permit fee per month

5,000

Normal capacity of bus 50 passengers

Diesel consumption 9 kms per litre at ₹ 45/litre

The bus generally is 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.

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