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

BBMBMC 363

Credit Based Sixth Semester B.B.M. Degree Examination, May/June 2016
(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** questions :

1. a) What do you mean by 'Abnormal Loss' ?

   b) What is Batch costing ?

   c) What do you mean by 'Margin of Safety' ?

   d) Define flexible budget.

   e) Give the meaning of variance.

   f) Suggest a suitable method of costing for :

      i) Printing press

      ii) Pharmaceutical industry.

   g) What do you mean by 'By-products' ?

   h) What is Break-even point ?

   i) What is zero-base budgeting ?

   j) Define labour cost variance.

   k) What is retention money ?

   l) Give the meaning of work certified.

P.T.O.

SECTION – B

(Eight Marks Each) **(8×5=40)**

Answer **any five** questions :

2. Explain the steps in budgetary control.

3. Draw a Break-even chart and show the following :

i) BEP ii) Loss region

iii) Profit region iv) Angle of incidence

v) Fixed cost region vi) Variable cost region.

4. The following information related to Job No. : 999.

Materials Rs. 5,000

Direct wages :

Department A : 10 hours @ Rs. 25 per hour

Department B : 8 hours @ Rs. 30 per hour

Department C : 5 hours @ Rs. 40 per hour

The estimated variable overheads :

Department A : Rs. 70,000 for 7,000 hours

Department B : Rs. 60,000 for 3,000 hours.

Department C : Rs. 40,000 for 1,000 hours.

The estimated fixed overheads are Rs. 3,00,000 for 7,500 normal working hours.

Prepare job cost sheet providing for profit @ 25% on turnover.

5. Calculate material cost variance, material price variance and material usage variance from the following details :

Standard :

Standard material for 70 kg of output will be 100 kg @ Re. 1 per kg.

Actual :

Output – 2,10,000 kgs.

Material – 2,80,000 kgs.

Cost – Rs. 2,52,000.

6. For production of 5,000 Bags, the following are the budgeted expenses :

Item	Per Unit (Rs.)
Direct material	30.00
Variable overheads	12.50
Direct labour	15.00
Variable expenses (Direct)	2.50
Fixed overhead (Rs. 75,000)	15.00
Selling expenses (10% fixed)	10.00
Administrative expenses (Fixed for all levels Rs. 25,000)	5.00

Prepare a budget for production of 4,000 bags showing distinctly variable cost, fixed cost and total cost.

7. Total sales Rs. 5,00,000

   Variable expenses Rs. 2,75,000

   Net profit Rs. 1,08,000

   Find :

   i) P/V ratio

   ii) BEP

   iii) Margin of safety

   iv) Profit when sales Rs. 8,00,000.

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

   i) Net loss as per cost account Rs. 3,44,800.

   ii) Works overhead under-recovered in cost account Rs. 6,240.

   iii) Administrative overhead recovered more in cost account Rs. 3,400.

   iv) Interest on investment Rs. 17,500.

v) Income tax Rs. 80,600.

vi) Stores adjustment (credit) in financial account Rs. 950.

vii) Depreciation on stock charged in financial account Rs. 13,500.

SECTION – C

(Twenty Marks Each) **(20×3=60)**

Answer **any three** questions :

9. A company of contractors started trade on 1-1-15. During the year 2015, it was engaged on only one contract of which contract price was Rs. 20,00,000.

Of the plant and materials charged to the contract plant costing Rs. 20,000 and material costing Rs. 16,000 were lost in an accident. On 31-12-2015, plant costing Rs. 20,000 were returned to stores. Cost of work done but not certified was Rs. 8,000 and materials of Rs. 16,000 were in hand on site. Charge 10% depreciation on plant. Prepare Contract Account, Balance Sheet from the following trial balances :

Particulars	**Dr.**	**Cr.**
Share capital		4,80,000
Creditors		40,000
Cash received (80% of work certified)		8,00,000
Land and buildings	1,72,000	
Bank balance	1,00,000	
Charged to contract :		
Material	3,20,000	
Plant	1,00,000	
Wages	5,60,000	
Architect fees	10,000	
Expenses	58,000	
	13,20,000	**13,20,000**

10. A product is obtained after it passes through three distinct processes. Prepare process account from the following information. Also prepare Abnormal loss and Abnormal gain A/c.

Particulars	Total	Process A	Process B	Process C
Materials	21,260	7,300	6,060	7,900
Direct wages	26,250	6,750	8,750	10,750
Production overhead	26,250			

1,000 units at Rs. 8 per unit were introduced in process A. Production overheads are to be distributed at 100% on direct wages.

Process	Actual output (Units)	Normal loss	Value of scrap per unit
A	950	5%	Rs. 6
B	840	10%	Rs. 8
C	750	15%	Rs. 10

11. M/s Pooja Traders have furnished the following information from Financial for the year ended 31-12-2015.

Trading and Profit and Loss Account

To Opening Finished goods (500 units)	17,500	By Sales (10,250 units)	7,17,500
To Material	2,60,000	By Closing finished goods (250 units)	12,500
To Wages	1,50,000		
To Gross profit	3,02,500		
	7,30,000		**7,30,000**
To Factory overhead	94,700	By Gross profit b/d	3,02,500
To Office overhead	1,06,000	By Interest	250
To Selling expenses	55,000	By Rent	10,000
To Bad debts	4,000		
To Goodwill written off	5,000		
To Net profit	48,050		
	3,12,750		**3,12,750**

The cost sheet shows the following :

a) Cost of material at Rs. 26 per unit produced.

b) Labour cost at Rs. 15 per unit produced.

c) Factory overheads are absorbed at 60% of labour cost.

d) Office overheads are observed at 20% of factory cost.

e) Selling expenses are charged at Rs. 6 per unit sold.

Prepare :

1) Cost sheet showing costing profit or loss.

2) Reconciliation statement.

12. Mahaganapathi Transport Co. runs the following buses within the city limits of Bangalore. 10 buses of 50 passengers carrying capacity and 15 deluxe buses of 40 passengers carrying capacity. On an average, each bus makes 10 trips of 12 kms. each, every day and 75% of the seats are occupied. The trip performance sheets, shows that 5 buses on an average are kept away the roads for repairs each day.

The following expenses were incurred by the company during April 2016.

Salary :

Works manager	10,200
25 conductors (each)	4,000
25 Drivers (each)	5,000
10 Cleaners (each)	2,000
Rent, Insurance, Rates	8,000
Road tax	1,500
Consumable stores	10,000

Replacement of tyres, tubes	7,400
Electricity	800
Repairs	11,000
Depreciation	15,000
Sale of old tyre and tubes	1,000
Diesel	50,000
Lubricant	15,000

The transport company intends to make a profit of 10% on takings. You are requested to calculate the cost per passenger km and the passenger fare per km.