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BBABMC 383

**Choice Based Credit System VI Semester B.B.A. Degree
Examination, September 2022
(2021 – 22 Batch Onwards)
COST AND MANAGEMENT ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

- Instructions :** 1) A single answer booklet containing 40 pages will be issued.
2) Provide working notes *wherever* necessary.

SECTION – A

I. Answer **any four** questions :

(4×6=24)

- 1) Distinguish between Job costing and Contract costing.
- 2) Write a note on : (a) Flexible budget and (b) Standard costing.
- 3) You are given the following information :
Selling price ₹ 350 per unit
Variable cost ₹ 200 per unit
Fixed cost ₹ 16,50,000
Ascertain :
 - a) Contribution
 - b) BEP
 - c) P/V Ratio
- 4) Pradeep owns a bus which runs between Kundapur to Mangalore for 10 days in a month covering a distance of 150 kms each way. The bus completes the trip and halts at Kundapur everyday. The bus goes another 10 days in a month towards Karwar covering a distance of 120 kms. This trip is also completed on the same day. For the remaining 4 days in a month it runs in the local city daily covering a distance of 40 kms.
The normal capacity of the bus is 90 passengers. It is generally 90% of the capacity when it goes to Mangalore, 100% when it goes to Karwar and 80% when it runs within the city. Calculate total passenger km per month.

P.T.O.



5) The following information is given :

Standard quantity : 2500 units

Actual quantity : 2600 units

Standard price : ₹ 5 per unit

Actual price : ₹ 5.5 per unit

Calculate :

- a) Material cost variance
 - b) Material price variance
 - c) Material usage variance.
- 6) Define Marginal costing. Explain its features.
- 7) Draw break even chart and show the following :
- a) BEP
 - b) Angle of incidence
 - c) Margin of safety
 - d) Loss region.

SECTION – B

II. Answer **any four** questions :

(4×12=48)

- 8) What are the causes for the difference between profit shown in Financial A/c and Cost A/c ?
- 9) Explain principles involved in taking of profit on incomplete contracts.
- 10) Material cost of Job No. 101 is ₹ 12,000 and labour cost is ₹ 8,000/- (Eight thousand), Factory overhead is 20% of factory cost. Administrative overhead is 16.67% of cost of production. Selling and distribution overhead is 25% of cost of sales. What price should be quoted for the job to obtain 20% profit on sales price ?



11) For the production of 10,000 fans, the following are the budgeted expenses.

Items	Per Unit (₹)
Direct material	120
Direct labour	60
Variable overheads	50
Variable direct expenses	10
Distribution expenses	10
Fixed overhead (₹ 1,50,000)	15
Selling expenses (10% fixed)	30
Administration expenses (50% fixed)	10

Prepare flexible budget statement for production of 8000 fans showing distinctly marginal cost, fixed cost and total cost.

12) The sales turnover and profits of Major Ltd., during the two years 2020 and 2021 were as follows :

Year	Sales	Profit
	₹	₹
2020	4,50,000	60,000
2021	5,10,000	75,000

You are required to calculate :

- a) P/V ratio
- b) Fixed cost
- c) Break even point
- d) Margin of safety for 2021
- e) Profit when sales are 20,00,000
- f) Sales required to earn a profit of ₹ 1,20,000.



- 13) From the following data, calculate Material cost variance, Material price variance and Material usage variance.

Material	Standard		Actual	
	Qty. (units)	Price (₹)	Qty. (units)	Price (₹)
X	3500	10	3700	12
Y	1500	21	1650	20

- 14) The net profit of Madan Trading Co. appeared at ₹ 64,500 as per financial records for the year ended 31st December 2021. The cost books, however showed a net profit of ₹ 86,460. A careful scrutiny the figures from both the sets of accounts revealed the following facts :

	₹
Income tax	20,000
Bank interest (Cr.)	250
Works overhead under absorbed	1,550
Depreciation charged-Financial A/c	5,600
Depreciation charged-Cost A/c	6,000
Office overhead over absorbed	850
Loss charged only in Financial A/c	2,800
Interest on investment	4,000
Stores adjustment (Cr.) in Financial A/c	240
Loss of stock charged in Financial A/c	3,350

Prepare Reconciliation Statement.



SECTION – C

III. Answer **any two** questions :

(2×24=48)

15) Maya Construction Company started trade on 1-1-2021. During the year 2021 it was engaged on only one contract of which contract price was ₹ 40 lakhs.

Of the plant and material charged to contract, plant costing ₹ 40,000 and material of ₹ 32,000 were lost in an accident. On 31-12-2021, plant costing ₹ 40,000 were returned to stores. Cost of work done but not certified was ₹ 16,000 and materials of ₹ 32,000 were in hand on site. Charge 10% depreciation on plant.

Prepare Contract A/c, Contractee's A/c and Balance Sheet from the following Trial Balance.

Particulars	Dr. (₹)	Cr. (₹)
Share capital	–	9,60,000
Creditors	–	80,000
Cash Received (80% of work certified)	–	16,00,000
Land and Building	3,44,000	–
Bank balance	2,00,000	–
Charged to contract :		
Materials	6,40,000	–
Plant	2,00,000	–
Wages	11,20,000	–
Architect fees	20,000	–
Expenses	1,16,000	–
Total	26,40,000	26,40,000



- 16) A product passes through three processes A, B and C. 20,000 units were issued to process A at a cost of ₹ 10 per unit. From the following details, prepare Process Accounts, Abnormal Loss and Abnormal Gain A/c.

Particulars	A	B	C
Sundry materials (₹)	2,000	3,000	1,000
Labour (₹)	10,000	13,000	13,000
Direct exps. (₹)	2,100	2,400	2,100
Actual output (units)	19,000	18,200	16,200
Normal loss (%)	3%	5%	8%
Selling price of normal loss	₹ 2/unit	₹ 4/unit	₹ 8/unit

- 17) M/s Mohan Traders have furnished the following information from Financial A/c for the year ended 31-12-2021.

Trading and Profit and Loss Account

₹		₹	
To Opening finished goods (500 units)	17,500	By Sales (10250 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 O/H	94,700	By Gross profit	3,02,500
To Office O/H	1,06,000	By Interest	250
To Selling exps.	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 :

- 1) Cost of material at Rs. 26 per unit and labour cost at ₹ 15 per unit on units produced.
- 2) Factory overheads are absorbed at 60% of labour cost.
- 3) Office overheads are absorbed at 20% of works cost.
- 4) Selling expenses are charged at ₹ 6 per unit sold.

Prepare :

- a) Cost sheet showing costing profit.
- b) Reconciliation Statement.



18) Pradeep transport company supplies the following information for a month of 4 week of 5 days each.

The lorry has a capacity of 10 tons and makes the journey twice a days two cities at a distance of 40 km. The lorry is fully loaded on the outward journey and empty on return journeys.

Diesel consumption – 8 km per litre

Diesel, oil etc. cost – ₹ 52 per litre

Drivers wage – ₹ 2000 per week

Repairs – ₹ 100 per week

Garage rent – ₹ 150 per week

Cost of lorry – ₹ 4,50,000

Life of lorry – 80,000 km

Insurance – ₹ 150 per week

Cost of tyres – ₹ 6,250

Life of tyres – 25000 km

Estimated sale value of lorry at the end of life – ₹ 50,000

License cost – ₹ 130 per week

Other overhead cost – 41600 per year

You are required to calculate the operating cost.