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**BBABMC 383**

**Choice Based Credit System VI Semester B.B.A.  
Degree Examination, July/August 2023  
(2021 – 22 Batch Onwards)  
COST AND MANAGEMENT ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

**Instruction :** Provide working notes *wherever* necessary.

**SECTION – A (6 marks each)**

Answer **any four** questions.



**(4x6=24)**

1. What is job costing ? What are its features ?
2. Mention any five advantages of the establishment of budgets under budgetary control.
3. At 31<sup>st</sup> December 2022, ₹ 97,000 has been expended on a contract and architect's certificate has been received to the value of ₹ 1,10,000. The cost of work done but not yet certified is ₹ 3,000. It is estimated that the contract will take a further three months to complete and will necessitate an additional expenditure of ₹ 23,000. The contract price is ₹ 1,40,000 and ₹ 1,00,000 has been received in cash to date. From the above details calculate :
  - a) Estimated profit and
  - b) Profit to be taken to the credit of Profit and Loss Account.
4. Give the meaning of :
  - a) Contribution
  - b) Retention money and
  - c) Abnormal loss.

P.T.O.



5. Calculate material cost variance, material price variance and material usage variance for the following information :

Standard quantity of material	750 units
Standard price	₹ 15/unit
Actual quantity	780 units
Actual price	₹ 18/unit

6. Calculate break even point from the following figures :

	₹
Total sales	5,00,000
Variable expenses	2,75,000
Net profit	1,08,000

7. Mangalore Transport Company having a fleet of trucks undertakes to carry waste material. The details are as follows :

Number of vehicles	Capacity
40	5 tons
20	4 tons
50	3 tons

On an average each vehicle makes 5 trips a day. In each trip covers an average distance of 5 kms. The truck carries only 75% of its capacity. 20% of the vehicles are laid up for repair every day. Assuming that the month consists of 30 days. Calculate total ton kms for the month.

#### SECTION – B (12 marks each)

Answer **any four** questions.

(4×12=48)

8. What are the reasons for differences in the profits shown by cost accounts and financial accounts ?





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

	₹
Total fixed cost	36,000
Total variable cost	60,000
Total sales	1,20,000
Units sold	40,000 units

Find out :

- a) Contribution
  - b) Break even point
  - c) Margin of safety
  - d) Profit
  - e) Volume of sales to earn a profit of ₹ 48,000.
10. Explain the principles involved in taking of profit on incomplete contracts.
11. Prepare a flexible budget for the production at 80% activity on the basis of the following information :
- Production at 50% capacity : 10,000 units
  - Raw materials ₹ 80 per unit
  - Direct labour ₹ 50 per unit
  - Direct expenses ₹ 15 per unit
  - Factory expenses ₹ 50,000 (50% fixed)
  - Administrative expenses ₹ 60,000 (40% fixed)
12. Badal Ltd. has adopted a job costing method. It was undertaken Job No. 808 for which the material cost was ₹ 24,000. Direct labour cost was ₹ 12,000 and Direct expenses ₹ 24,000.

The factory overhead is recovered at 50% of factory cost. The administrative overhead was recovered at 20% on production cost. Selling and distribution overheads were recovered at 50% of the cost of sales. Prepare a Job Cost Sheet showing the price to be quoted to make 16.67% profit on cost of Job No. 808.



13. The standard cost card reveals the following information :

Standard labour rate : ₹ 50 per hour, Standard hours required per unit : 10 hours,  
Actual data are : units produced : 500, Actual hours worked : 6,000, Actual  
labour cost : ₹ 2,40,000.

Calculate : Labour cost variance, labour rate variance and labour efficiency  
variance.

14. The net profit of Bahuguna Engineering Co. appeared as ₹ 1,78,430 for the  
financial year ended 31<sup>st</sup> March 2022. The cost books however showed a net  
profit of ₹ 1,48,205. The following facts were discovered by a comparison of  
these two sets of accounts.

	₹
Works overhead under-recovered in cost books	1,700
Administration overhead recovered in excess	31,200
Depreciation recovered in cost books	14,000
Depreciation recovered in financial accounts	11,500
Interest received on investment	8,000
Loss on sale of fixed assets	4,700
Income tax provided	4,100
Stores adjustment (Credit in financial a/cs)	450
Loss in stock value (charged in financial accounts)	725
Debenture interest paid	700

You are required to prepare Reconciliation Statement.





SECTION – C (24 marks each)

Answer any two questions.

(2×24=48)

15. A company of contractors started to trade on 01-01-2021. During 2021, the company was engaged in only one contract of which the contract price was ₹ 5,00,000.

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

On 31-12-2021, plant costing ₹ 5,000 were returned to stores. Cost of work uncertified but finished ₹ 2,000 and materials costing ₹ 4,000 were in hand on site, charge 10% depreciation on plant. Compile Contract Account and Balance Sheet from the following :

Particulars	Debit (₹)	Credit (₹)
Share capital		1,20,000
Creditors		10,000
Cash received (80% of work certified)		2,00,000
Land and buildings	43,000	
Bank balance	25,000	
<b>Charged to contract :</b>		
Materials	90,000	
Plant	25,000	
Wages	1,40,000	
Expenses	7,000	
	<b>3,30,000</b>	<b>3,30,000</b>



16. Product "X" passes through three distinct processes. In a particular month cost of production was as follows :

Particulars	Process I	Process II	Process III
Direct materials (Rs.)	25,000	15,050	12,450
Direct labour (Rs.)	10,000	12,000	15,000
Direct expenses (Rs.)	4,500	2,400	900

2000 units were issued to Process I at Rs. 7 per unit. Production overhead incurred was Rs. 18,500.

Additional information :

Process	Actual output (units)	Normal loss	Sales of scrap per unit (Rs.)
I	1750	10%	3
II	1650	8%	5
III	1450	10%	6

Production overhead absorbed by each process on the basis of 50% of Direct Labour.

You are required to prepare Process Accounts, Abnormal Loss A/c and Abnormal Gain A/c.

17. The Sankalph Sarige Company has been given a permit to run a bus between Goa and Aman with a distance of 30 km. The cost of the bus is ₹ 8,00,000 and it is likely to last ten years. It has been insured at 3% p.a. The annual tax will be ₹ 30,000. Annual repairs are estimated at ₹ 24,000 and garage rent is ₹ 3,600 p.a.

The salary of driver and conductor will be ₹ 9,000 and ₹ 8,000 per month respectively. The cost of stationery will be ₹ 350 per month and accountant's salary is ₹ 6,000 per month. Diesel, oil and grease will cost ₹ 72 per 10 km.

The bus will make two round trips each day. The carrying capacity of the bus is 50 passengers. The actual passengers to be carried are estimated at 100% of the seating capacity while going to Aman and 80% of the capacity while going to Goa. The bus will work for 25 days in a month.

Compute the cost per passenger km of operating the service.





18. From the following particulars prepare Trading and Profit and Loss Account, Cost Sheet taking factory overhead at 25% on prime cost, office overhead at 50% of factory cost and selling overhead at 8% on sales and a Reconciliation Statement as on 31<sup>st</sup> December 2022.

	₹
Stock on 1 <sup>st</sup> January 2022 :	
Raw materials	20,000
Finished goods	40,000
Stock on 31 <sup>st</sup> December 2022 :	
Raw materials	30,000
Finished goods	10,000
Manufacturing wages	50,000
Raw materials purchased	1,20,000
Sales	3,25,000
Works expenses	35,000
Office expenses	25,000
Selling expenses	25,000
Interest on investments	4,000
Goodwill w/off	8,000
Preliminary expenses w/off	12,000
Interest on debentures	8,000
Commission received	16,000