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

BBMBMC 363

Credit Based VI Semester B.B.M. Degree Examination, April/May 2017
(2012 Scheme)
COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours Max. Marks :120

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

SECTION – A **(2 Marks Each)**

Answer **any ten** questions from the following : **(2×10=20)**

1. a) Define Management Accounting.

   b) What is batch costing ?

   c) What is abnormal loss ?

   d) What do you mean by national profit ?

   e) What is variance ?

   f) What do you mean by budget ?

   g) What do you mean by break even point ?

   h) What do you mean by margin of safety ?

   i) What do you mean by products ?

   j) What is retention money ?

   k) Name any two industries where process costing may be applied.

   l) What is meant by over recovery of overhead ?

P.T.O.

SECTION – B (8 Marks Each)

Answer **any five** questions from the following : **(8×5=40)**

2. Explain the principles involved in taking profit of an incomplete contracts.

3. Bring out the causes for difference in the profits shown by financial account and cost account.

4. The information given below has been taken from the records of Sunil Engineering works in respect of Job No. 555 :

   Materials Rs. 45,000

   Wages :

   Department "A" 600 hours at Rs. 6 per hour

   Department "B" 400 hours at Rs. 4 per hour

   Department "C" 200 hours at Rs. 10 per hour.

   Works overhead :

   Variable :

   Department "A" Rs. 50,000 for 10,000 labour hour

   Department "B" Rs. 30,000 for 6,000 labour hour

   Department "C" Rs. 20,000 for 1,000 labour hour

   Fixed :

   Fixed works overhead at Rs. 20,000 for 20,000 working hours.

   Calculate the cost of job number 555 and the price for the job to earn a profit of 20% on selling price.

5. The following information is given :

   Standard quantity 2500 units, Actual quantity 2600 units, Standard price Rs. 5 per unit, Actual price Rs. 5.5 per unit.

   Calculate :

   a) Material Cost Variance

   b) Material Price Variance

   c) Material Usage Variance.

6. The budgeted costs of a factory for the production of 10000 units are as follows :

	Rs. Per Unit
Material	120
Labour	60
Variable factory overhead	50
Fixed factory overhead (Rs. 2,00,000)	20
Administrative expenses (Rs. 1,00,000)	10
Selling expenses (10% fixed)	26
Distribution expenses (20% fixed)	14

Prepare budget for 8000 units.

7. A manufacturing company has supplied you the following information in respect of a product :

Total fixed cost Rs. 18,000

Total variable cost Rs. 30,000

Total sales Rs. 60,000.

Find out :

i) Contribution

ii) Break even point

iii) Margin of safety

iv) Profit

v) Volume of sales to earn a profit of Rs. 24,000.

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

Net Loss as per cost accounts Rs. 3,44,800

Net Loss as per financial accounts Rs. 4,32,090

Works overhead underrecovered in cost accounts Rs. 6,240

Depreciation overcharged in cost accounts Rs. 3,400

Interest on investment Rs. 17,500

Goodwill written off in financial books Rs. 11,400.

Income tax Rs. 80,600

Stores adjustment (Cr) in financial accounts Rs. 950

Depreciation on stock charged in financial accounts Rs. 13,500.

SECTION – C **(20 Marks Each)**

Answer **any three** questions :

(20×3=60)

9. A firm of contractors under took the contract No. 777 in 2016. The contract price was Rs. 24,00,000. The following details are available regarding contract ?

Materials issued from stores Rs. 6,00,000

Materials purchased for the contract Rs. 1,20,000

Materials transferred from contract No. 555 Rs. 40,000

Plant installed at cost Rs. 2,80,000

Wages paid Rs. 9,44,000

Architects fees Rs. 48,000

Establishment charges Rs. 40,000

Direct expenses paid Rs. 32,000

Wages accrued on 31-12-2016 Rs. 16,000

Direct expenses due on 31-12-2016 Rs. 20,000.

Of the plant and materials charged to contract, Plant costing Rs. 20,000 and material costing Rs. 16,000 were lost by fire. Some part of the materials costing Rs. 10,000 were sold for Rs. 12,000. On 31-12-2016 plant which cost Rs. 12,000 was transferred to Contract No. 666.

On 31-12-2016 the value of work certified was Rs. 19,20,000 and 80% of the same was received in cash. The cost of work done but not certified as on the date was Rs. 12,000 charge depreciation on plant at 12% p.a.

Prepare contract account and show the relevant figures in Balance Sheet.

10. A product passes through three processes **A**, **B** and **C** 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
Normal loss	3%	5%	8%
Resale of normal loss per unit (Rs.)	2	4	8

10000 units were issued to process A at a cost Re. 1 per unit. Prepare process accounts, abnormal loss and abnormal gain account if any.

11. From the following details prepare :

a) Trading and Profit and Loss Account

b) Cost sheet

c) Reconciliation statement

Particulars	Cost Account	Financial A/c.
	₹	₹
Stock 1.4.2016 :		
Raw materials	20,000	24,000
W.I.P.	26,000	28,000
Finished stock	18,000	20,000
Stock 31.3.2017 :		
Raw materials	17,200	16,000
W.I.P.	14,800	12,000
Finished stock	24,800	23,600
Purchases	–	1,80,000
Wages	–	80,000
Indirect wages	–	12,000
Factory Expenses	80,000	68,000
Sales	–	4,40,000
Office Expenses	9,200	12,000
Interest Received	–	6,400
Financial Expenses	–	4,000
Selling Expenses	18,000	16,000

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 the operation in a month it runs in the city covering a distance of 70 kms. per day. Calculate the rate per passenger k.m. when a profit of 33.33% on taking is maintained.

Other information is as follows :

Salary of conductor per month Rs. 10,500

Token tax per month Rs. 18,000

Repairs and maintenance per month Rs. 15,000

Drivers Salary per month Rs. 10,500

Cost of the bus Rs. 20,00,000

The life of the bus 10 years scrap value of the bus after 10 years Rs. 2,00,000

Insurance per annum Rs. 5,400

Accountant salary Rs. 4,800 P.M.

Lubricant Rs. 200 per 100 kms

Permit fee Rs. 5,000 P.M.

Normal capacity of the bus 50 passengers

Diesel consumption 9 kms per litre at Rs. 45 per litre.

The Bus is generally 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.