

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BBA DEGREE EXAMINATION DECEMBER 2022
(Second Semester)

Branch – LOGISTICS

COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

1. State the techniques and processes of costing
 - (i) Ascertainment of costs
 - (ii) Allocation of costs
 - (iii) Apportionment of costs
 - (iv) Distribution of costs
2. Identify the point where the total sales are equal to total cost
 - (i) Marginal cost
 - (ii) P/V Ratio
 - (iii) Break - Even Point
 - (iv) Contribution
3. Which one is the entire process of preparing the budget?
 - (i) Budgetary control
 - (ii) Budgeting
 - (iii) Master budget
 - (iv) Zero base budgeting
4. What is the process of deriving conclusions from the analysis?
 - (i) Comparison
 - (ii) Forecasting
 - (iii) Recorded tasks
 - (iv) Interpretation
5. Mention how the Standard Costing helps to management?
 - (i) Measuring efficiency
 - (ii) Reducing losses
 - (iii) Controlling prices
 - (iv) Increasing profit

SECTION - B (15 Marks)

Answer ALL Questions

ALL questions carry EQUAL marks

(5 x 3 = 15)

- 6 a Prepare a cost sheet showing cost of production and profit from the following data.

Particulars	Opening Rs	Closing Rs
Stock of raw materials	75,000	78750
Work - in - progress	24,600	27,300
Stock of finished goods	52,080	47,250

Particulars	Amount Rs
Purchases for the year	65,700
Sales	2,16,930
Direct Wages	51,450
Works Expenses	25,020
Selling & Distribution Expenses	12,630
Office expenses	20,610

OR

- b Narrate the objectives of management accounting.
- 7 a You are given the following information in respect of a company:

Particulars	Amount Rs.
Fixed cost	13,000
Variable cost	14,000
Total cost	27,000
Net Profit	3,000
Net Sales	30,000

- (a) Calculate the break-even point.
- (b) Forecast the profit for sales volume Rs.50,000.
- (c) Estimate the volume of sales turnover to make a net profit of Rs.10,000

OR

Cont...

- b From the following information relating to Quick Standard Limited you are required to Calculate

- (a) Contribution
 (b) B.E.P in units
 (c) Margin of safety and
 (d) Profit

Particulars	Amount(Rs.)
Total fixed cost	4,500
Total variable cost	7,500
Total sales	15,000
Unit sold	5,000

- (e) Also calculate the volume of sales to earn a profit of Rs.6,000

- 8 a Bring out the advantages and limitations of zero based budgeting.

OR

- b A company manufactures two products A and B . A forecast for the number of units to be sold in the first four months of the year is given below:

	Product A (Units)	Product B (Units)
January	3,000	6,000
February	3,400	6,000
March	4,200	5,200
April	5,000	4,400

It is anticipated that (i) there will no work-in-progress at the end of any month and (ii) finished units equal to half the sales for the next month will be in stock at the end of each month (including previous December).

Prepare for the three months endings March 31, a production budget for each month

- 9 a From the following Balance Sheet prepare a Common size statement:

Particulars	2020 Rs
Assets:	
Cash	31,500
Debtors	2,11,000
Stock	1,26,000
Prepaid expenses	21,000
Bills Receivables	10,500
Fixed assets	6,50,000
	10,50,000
Liabilities & Capital:	
Share capital	7,00,000
Long term debt	2,00,000
Sundry creditors	50,000
Other liabilities	1,00,000
	10,50,000

OR

- b B.Raj and Co. sells goods on cash as well as credit (though not on deferred installment terms).The following particulars are extracted from their books of accounts for the calendar year 2020

Particulars	Rs.
Total Gross Sales	1,00,000
Cash Sales(included in above)	20,000
Sales Returns	7,000
Total Debtors for sales as on 31.12.2020.	9,000
Bills Receivable on 31.12.2020.	2,000
Provisions for doubtful debts on 31.10.2020	1,000
Total creditors on 31.12.2020.	10,000

Calculate the Debtors turnover Ratio and Average collection period

- 10 a Explain the significance of the variance analysis.

OR

- b With the help of following information calculate

- (a) Labour cost variance
(b) Labour rate variance
(c) Labour efficiency variance

Standard hours : 40@Rs.3 per hour

Actual hours : 50@ Rs.4 per hour

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 6 = 30)

- 11 a Enumerate the Scope of Management Accounting.

OR

- b Differentiate Management Accounting and Cost Accounting.

- 12 a The a sales and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
2020	1,50,000	20,000
2021	1,70,000	25,000

You are required to Identify:

1. The P/V Ratio
2. The Break - Even Point
3. The sales required to earn a profit of Rs.40,000
4. The profit made when sales are Rs. 2,50,000
5. The Margin of safety at profit of Rs.50,000

OR

- b Following information has been made available from the cost records of a company , manufacturing spare parts :

Particulars	Per unit Rs.
Direct materials:	
X	8
Y	6
Direct Wages	
X	24 hours @ 25 Paise per hour
Y	16 hours @ 25 Paise per hour
Variable Overheads	
Fixed Overheads	
Selling price of X	150 % of wages
Selling price of Y	Rs.750
	Rs.25
	Rs. 20

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mix in the budget for the next period .

- (a) 250 units of X and 250 units of Y
- (b) 400 units of Y only
- (c) 400 units of X and 100 units of Y
- (d) 150 units of X and 350 units of Y

State which of the alternative sales mixes you would recommend to the management

Cont...

- 13 a Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overheads rates at 50% , 60% and 70% capacity

Particulars	At 60% capacity Rs.
Variable Overheads:	
Indirect material	6000
Indirect Labour	18,000
Semi-Variables Overheads:	
Electricity	30,000
Repairs	3000
Fixed Overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total Overheads	93,000
Estimated direct labour hours	1,86,000

OR

- b A Company is expecting to have Rs. 25,000 cash in hand on 1st April 2020 and requires you to prepare an estimate of cash position during the three months, April to June 2020 . The following information is supplied to you.

Particulars	Sales Rs.	Purchases Rs.	Wages Rs.	Expenses Rs.
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other information :-

- Period of credit allowed by suppliers two months.
- 25% of sale is for cash and period of credit allowed to customers for credit sales 1 month.
- Delay in payment of wages and expenses - 1 month.
- Income tax of Rs.25,000 is to be paid in June 2020.

- 14 a From the following Balance Sheet of Ramco Limited for the year ended 2019 and 2020 , you are required to prepare a comparative Balance Sheet

Balance Sheet as on 31st December

Liabilities	2019 Rs	2020 Rs	Assets	2019 Rs	2020 Rs
Bills Payable	500	750	Cash	1,000	1,400
Sundry Creditors	1,500	2,000	Debtors	2,000	3,000
Tax payable	1,000	1,500	Stock	2,000	3,000
6% Debentures	1,000	1,500	Land	1,000	1,000
10% Preference Capital	3,000	3,000	Buildings	3,000	2,700
Equity Capital	4,000	4,000	Plant	3,000	2,700
Reserves	2,000	2,450	Furniture	1,000	1,400
	13,000	15,200		13,000	15,200

OR

- b From the following financial statements of M/s Western General Limited for the year ending 31st March 2020, you are required to calculate the following ratios, giving the formulae and the purpose they serve:
- Gross Profit Ratio
 - Proprietary Ratio
 - Debtors Turnover Ratio
 - Current Ratio
 - Stock Turnover Ratio

Cont...

Trading and Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Opening Stock	43,500	By Sales	2,25,000
To Purchases	1,83,000	By Closing Stock	46,500
To Gross profit c/d	45,000 2,71,500		2,71,500
To Sundry Expenses	24,000 21,000 45,000	By Gross Profit b/d	45,000 45,000
To Net Profit			

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Share	2,10,000	Fixed Assets	1,65,000
Capital	15,000	Current Assets:	
General Reserves	21,000	Stock	46,500
Profit and Loss Account	10,500 45,000	Sundry Debtors	24,000
Bills Payable	3,01,500	Bank	66,000
Creditors			3,01,500

15 a From the following information of a product , calculate :

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance
4. Material Mix Variance and
5. Material Sub-Usage Variance

Material	Standard Quantity (kg)	Standard Price Rs.	Actual Quantity (kg)	Actual Price Rs.
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	3	10	3.25
	48		48	

OR

b S.V. Ltd has furnished you the following data:-

Particulars	Budget	Actual July
No.of Working Days	25	27
Production in units	20,000	22,000
Fixed Overheads Rs	30,000	31,000

Budgeted fixed overhead rate is Rs. 1.00 per hour . In July , the actual hours worked were 31,500

Calculate the following Variances:

- 1.Efficiency Variance;
- 2.Calendar Variance;
- 3.Volume Variance;
- 4.Expenditure Variance;
- 5.Total Overhead Variance

Z-Z-Z

END