

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BBA DEGREE EXAMINATION MAY 2022
(Second Semester)

Branch – LOGISTICS

COST ACCOUNTING AND MANAGEMENT

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Cost accounting mainly helps the management in _____
(a) Earning extra profits
(b) Providing information to the management for decision making
(c) Fixing prices of the products
(d) all of these
- 2 While computing profit in marginal costing, _____
(a) The fixed cost gets added to the contribution
(b) The total marginal cost gets deducted from total sales revenue
(c) The total marginal cost gets added to total sales revenue
(d) None of the above.
- 3 _____ provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.
(a) Production budget (b) Cash budget
(c) Capital expenditure budget (d) None of the above.
- 4 Financial statements are meaningful and useful only when they are:
(a) analyzed and interpreted (b) vertical
(c) presented to owners (d) published
- 5 Which of the following activities is true about the cost variance under the Standard Costing System?
(a) Cost variance is the difference between the standard cost and the actual cost
(b) Cost variance is the difference between the standard cost and the budgeted cost
(c) Cost variance is the difference between the standard cost and the marginal cost
(d) Cost variance is the difference between the actual cost and the marginal cost

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 (a) Describe the scope of cost accounting.
OR
(b) Narrate the objectives of management accounting?
- 7 (a) Given the following, calculate (a) P/V ratio and (b) Profit when sales are Rs. 20,000
(i) Fixed cost Rs. 4,000
(ii) BEP Rs. 10,000
OR
(b) Outline the applications of CVP analysis.
- 8 (a) Highlight the advantages of cash budget?
OR

Cont...

- (b) A manufacturing company submits the following figures relating to Product X for the first quarter of 2018:

Sales targets: January	60,000 units
February	48,000 units
March	72,000 units

Stock Position: 1st January 2018 (% of January 2008 sales) - 50%

Stock Position: 31st March, 2018 - 40,000 units

Stock Position: end January & February - 50%
(% of subsequent Month's sales)

You are required to prepare production budget for the first quarter of 2018.

- 9 (a) Current Ratio = 2.8
Acid-test Ratio = 1.5
Working Capital = Rs.1,62,000
Find out (a) Current Assets (b) Current Liabilities (c) Liquid Assets

OR

- (b) From the following information, prepare common size balance sheet of Roop K.Goyal Ltd.

Particulars	2016 (Rs. in Lac)	2017 (Rs. in Lac)
Equity Capital	4	5
9% Redeemable Preference share Capital	2	2.50
Creditors	2	1.00
Bills Payable	0.50	1.00
Total Liabilities	8.50	9.50
Fixed Assets	5	4
Debtors	2	3
Stock	1	1
Bills Receivables	--	0.50
Cash	0.50	1
Total Assets	8.50	9.50

- 10 (a) Bring out the reasons for material variances.

OR

- (b) Explain the significance of variance analysis.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 (a) Discuss about the various classifications of cost.

OR

- (b) The accounts of Z Manufacturing Company for the year ended December, 2016 show the following:

	Rs.		Rs.
Factory Office Salaries	6,500	Travelling Expenses	2,100
General Office Salaries	12,600	Traveler's Salaries & Commission	7,700
Carriage Outward	4,300	Productive Wages	1,26,000
Carriage on Purchases	7,150	Depreciation— Plant, Machinery and Tools	6,500
Bad Debts written off	6,500	Depreciation— Furniture	300
Repairs of Plant, Machinery and Tools	4,450	Directors' Fees	6,000
Rent, Rates, Taxes & Insurance		Gas and Water — Factory	1,200
—Factory	8,500	—Office	400
—Office	2,000	Managers' Salary (3/4 Factory and 1/4 Office)	10,000
Sales	4,61,100		

Cont...

Stock of Materials

—31 st Dec., 2015	62,800	General Expenses	3,400
—31 st Dec., 2016	48,000	Income Tax	500
Materials Purchased	1,85,000	Dividend	1,000

Prepare statement giving the following information:

- (a) Materials Consumed ; (b) Prime Cost ; (c) Factory Cost, (d) Cost of Production ; (e) Total Cost ; (f) Net Profit.

12. (a) Raj Corpn. Ltd. has prepared the following budget estimates for the year 2009-2010.

Sales (units)	-	15,000
Fixed Expenses	-	Rs.34,000
Sales	-	Rs. 1,50,000
Variable costs	-	Rs. 6 per unit

You are required to :

- (i) Find the P/V ratio, break-even point and margin of safety.
(ii) Calculate the revised P/V ratio, break-even point and margin of safety in each of the following cases:
a) Decrease of 10% in selling price :
b) Increase of 10% in variables costs:

OR

- (b) Assuming that the cost structure and selling prices remain the same in periods I and Periods II, find out:

- (a) P/V Ratio (b) Fixed Cost (c) BEP for sales (d) Profit when sales are Rs. 1,00,000 (e) Sales required to earn a profit of Rs. 20,000 and (f) Margin of safety at a profit of Rs. 15,000.

Period	Sales (Rs.)	Cost (Rs.)	Profit (Rs.)
I	1,20,000	1,11,000	9,000
II	1,40,000	1,27,000	13,000

13. (a) The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacity.

	Expenses at 50% capacity
Fixed Expenses	
Salaries	50,000
Rent and taxes	40,000
Depreciation	60,000
Administrative Expenses	70,000
Variable Expenses	
Materials	2,00,000
Labor	2,50,000
Others	40,000
Semi-Variable Expenses	
Repairs	1,00,000
Indirect Labor	1,50,000
Others	90,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-Variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity, a further increase of 5% when capacity crosses 75%
Estimated sales at various levels of capacity are:

Cont...

Capacity	Sales (Rs.)
60%	11,00,000
70%	13,00,000
90%	15,00,000

OR

(b) A company is expecting to have Rs. 32,000 cash in hand on 1/4/2008 and it requests you to prepare cash budget for three months, April to June 2008. The following information is supplied to you:

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)
February	70,000	44,000	6,000	5,000
March	80,000	56,000	9,000	6,000
April	96,000	60,000	9,000	7,000
May	1,00,000	68,000	11,000	9,000
June	1,20,000	62,000	14,000	9,000

Other Information:

- (a) Period of credit allowed by suppliers is two months
 (b) 25% of sales are for cash and the period of credit allowed to customers for credit sales is one month.
 (c) Delay in payment of wages and expenses one month.
 (d) Income tax Rs. 28,000 is to be paid in June 2008

14. (a) From the following details, make out the balance sheet with as details as possible:

- (i) Stock Velocity = 6
 (ii) Capital Turnover Ratio = 2
 (iii) Fixed assets turnover = 4
 (iv) Gross profit Turnover Ratio = 20%
 (v) Debtors Velocity = 2 months
 (vi) Creditors Velocity = 73 days

The gross profit was Rs. 60,000. Reserve & surplus amounts to Rs. 20,000.
 Closing stock was Rs. 5,000 in excess of opening stock.

OR

(b) Prepare comparative statements from the following data:

<i>Income statement</i>	<i>2017</i> <i>(Rs in lacks)</i>	<i>2018</i> <i>(Rs in lacks)</i>
Net sales	600	750
Cost of goods sold	400	600
Administrative expenses	20	20
Selling expenses	170	120
Net profit		

Cont...

<i>Balance sheets</i>	<i>2017 (Rs in lacks)</i>	<i>2018 (Rs in lacks)</i>
Equity capital	400	400
6% preference share	300	300
capital	200	245
Reserves	100	150
6% debentures	50	75
Bills payable	150	200
Creditors	100	150
Tax payable		
	1,300	1,520
	100	100
Land	300	270
Buildings	300	270
Plant	100	140
Furniture	200	300
Stock	300	440
Cash	1,300	1,520

15. (a) From the following information calculate (a) Material Cost Variance (b) Material Usage Variance (c) Material Price Variance

Material	Standard Quantity	Price	Standard Actual Quantity	Actual Price
X	10	4	12	3.75
y	15	5	18	4.50
	25		30	

OR

(b) From the following data, calculate: (1) Labour Cost Variance (2) Labour Rate Variance (3) Labour Efficiency Variance (4) Labour Mix Variance

Particulars	Standard		Actual	
	Hours	Rate	Hours	Rate
Skilled Labour	10	3.00	9,000	4.00
Semi-Skilled	8	1.50	8,400	1.50
Un-skilled	16	1.00	20,000	.090

The actual production was 1000 articles.

Z-Z-Z

END