'समानो मन्त्रः समितिः समानी'

UNIVERSITY OF NORTH BENGAL

BBA Honours 3rd Semester Examination, 2021

CC6-BBA (302)

COST AND MANAGEMENT ACCOUNTING

Time Allotted: 2 Hours   Full Marks: 60

The figures in the margin indicate full marks.
All symbols are of usual significance.

GROUP-A

Answer any *two* questions of the following 12×2 = 24

1. From the following particulars you are required to work out the earnings of a worker for a week under: 3+3+3+3

   (i) Straight Piece Rate System;
   (ii) Differential Piece Rate System;
   (iii) Halsey Premium Scheme;
   (iv) Rowan Premium Scheme:

   Weekly working hours — 48
   Hourly wage rate — Rs. 7.50
   Piece rate per unit — Rs. 3.00
   Normal taken per piece — 24 minutes
   Normal output per week — 120 pieces
   Actual output per week — 150 pieces
   Differential piece rate: 80% of piece rate

   When output is below normal and 120% of piece rate when output is at or above normal.

2. A factory is currently running at 50% capacity and produces 5000 units at a cost of Rs. 90 per unit as per details below: 4+4+4

   Material Rs. 50

   Labour Rs. 15

   Factory Overheads Rs. 15 (Rs. 6 fixed)

   Administrative overheads Rs. 10 (Rs. 5 fixed)

   The current selling price is Rs. 120 per unit.

At 60% working material cost per unit increased by 2% and selling price per unit falls by 2%.

At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Estimate profits of the factory at 60% and 80% working and offer your comments.

3. A company sold in two successive periods 7000 units and 9000 units and had incurred a loss of Rs.10,000 and earned Rs.10000 as profit respectively. The selling price per unit can be assumed as Rs.100. Calculate: 3+3+3+3

(i) P/V Ratio

(ii) The amount of fixed Cost

(iii) The number of units to break-even

(iv) The number of units to earn a profit of Rs. 40,000.

4. ABC Limited undertook a contract for Rs. 500,000 on 1st April 2020. On 31st March 2021, when the accounts were closed, the following details about the contract were gathered: 12

Materials Purchased	Rs.	1,25,000
Wages Paid	Rs.	45,000
General Expenses	Rs.	12,000
Plant Purchased	Rs.	1,25,000
Materials in hand (as on 31.3.21)	Rs.	25,000
Wages Accrued (as on 31.3.21)	Rs.	15,000
Cash Received	Rs.	2,00,000
Work Certified	Rs.	2,50,000
Work Not Certified	Rs.	15,000
Depreciation of Plant	Rs.	12,500

The contract contained an escalation clause, which states that in the event of increase of price of materials and rate of wages by more than 5%, the contract price would be increased accordingly by 25% of the rise in costs of materials and wages beyond 5%. It was found that since the date of signing the agreement, the price of materials and wage rates increased by 25%. Value of work certified does not take into account the effect of above clause.

Prepare Contract Account.

GROUP-B

5. Answer any ***four*** questions of the following: 6×4 = 24

(a) “Compared to incremental budgeting. Zero Base Budgeting is more relevant”. — Discuss. 6

(b) ABC Limited produces an article and uses a mixture of material X and Material Y, the standard Quantity and price of the material for one unit of output is as under — 2+2+2

Material	Quantity	Rate per kg
X	2000 kg	1.00 per kg
Y	800 kg	1.50 per kg

During the period 4,500 units were produced. The actual material consumption and price are given below:

Material	Quantity	Rate per kg
X	31,00,000 kg	1.10 per kg
Y	12,50,000 kg	1.60 per kg

You are required to calculate:

(i) Material cost variance

(ii) Material price variance

(iii) Material usage variance.

(c) A car assembly firm requires 90,000 units of a specified component annually. The price of each unit of the component is Rs. 30. The costs involved with placing a purchase order with the supplier firm is Rs. 300 and the carrying cost is 20% of the component cost. What is EOQ? — 6

(d) A company has fixed expenses of Rs. 90,000 with sales at Rs. 3,00,000 and profit of Rs. 60,000 during the first half of the year. If in the next half-year, the company suffered a loss of Rs. 30,000, calculate: — 3+3

(i) The P/V ratio, break-even point and margin of safety for the first half

(ii) Break-even point and margin of safety for the first half.

(e) Discuss the applications and limitations of marginal costing. — 3+3

(f) Distinguish between Cost Accounting and Management Accounting. — 6

GROUP-C

6. Answer any ***four*** questions of the following: — 3×4 = 12

(a) What is unit costing? Show the treatment of spoiled and defective work under unit costing. — 1+2

(b) Define the term standard cost. Is it the same as estimated cost? — 3

(c) State the underlying assumptions of E.O.Q. — 3

(d) What is Idle time? What is its treatment in Cost Accounting? — 3

(e) Write short notes on: — 2+1

(i) Contribution

(ii) Margin of safety.

(f) Distinguish between job costing and batch costing. — 3

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