



'समानो मन्त्रः समितिः समानी'

UNIVERSITY OF NORTH BENGAL

BBA Honours 3rd Semester Examination, 2022

CC6-BBA (302)

COST AND MANAGEMENT ACCOUNTING

Time Allotted: 2 Hours

Full Marks: 60

The figures in the margin indicate full marks.

Candidates should answer in their own words and adhere to the word limit as practicable.

GROUP-A

Answer any two questions of the following

12×2 = 24

1. (a) An automobile company observes that the cost of producing per unit of wind sheet is equal to ₹2,500. The cost record of the company shows the following details of unit costs: 4

Materials	₹900
Direct labour	₹600
Direct Expenses	₹200
Fixed Costs including Depreciation	₹800
Total	₹2,500

A popular glass manufacturer offers that it can deliver an identical wind sheet at ₹2,000 per unit. The management of the automobile company cannot reach a confirmed resolution on whether it should accept the offer of the glass manufacturer. You are required to advise the automobile company whether it should produce wind sheets in-house or buy them from the glass manufacturer.

- (b) The following table shows the sales and profits figures of ABC Limited for two consecutive years ending on 30th June each year: 2×4=8

Year	Sales	Profits
2021	₹2,00,000	₹15,000
2022	₹2,50,000	₹25,000

You are required to find:

- (i) P/V Ratio
- (ii) Fixed Costs
- (iii) Break Even Sales
- (iv) Sales required for targeted profits of ₹40,000.

2. Suravi & Company closes its account annually on 31st March. Contract No. 265 commenced on 1st July 2021. The Costing records show the following information on 31.03.2022: 12

Material issued ₹24,000, Wages ₹45,000, Outstanding wages ₹2,000, Office Expenses ₹4,000, Foremen's Salary ₹5,000, Direct Expenses ₹10,000, Sub-Contract cost ₹3,000.

A machine costing ₹16,000 had been on the site for 146 days. Its working life is estimated at five years and its scrap value is ₹1,000. A supervisor who is paid ₹1,000 p.m. has spent one-half of his time on this contract.

Materials at the site on 31st March 2022 were ₹3,000. The contract price is ₹2,00,000 and 2/3 of the contract was completed by 31st March 2022. The architect had issued a certificate covering 60% of the contract price. 80% has so far been received by the contractor. Prepare Contract Account, Work in Progress Account and Contractee Account.

3. (a) Standard cost of the certain chemical mixture, as well as the data relating to actual usage, have been given below: 6+6

Standard Mix	Actual usage
35% of Material A @ ₹25 per kg	125 kg of Material A @ ₹27 per kg
65% of Material B @ ₹36 per kg	275 kg of Material B @ ₹34 per kg

If the actual output is 365 kg, find Material yield Variance.

- (b) A worker's wages for a guaranteed 48 hours week are ₹45 per hour. The estimated time to produce one unit is 20 minutes. Under the incentive scheme, the time allowed is increased by 10%. He produces 150 units during the week. Calculate the total wages under Halsey and Rowan Plan.

4. (a) The budgeted expenses for the production of 10,000 units in a factory are furnished below: 6+6

	Per unit (₹)
Materials	70
Labour	25
Direct expenses	5
Factory overhead (66 ² / ₃ % fixed)	30
Administrative expenses (fixed)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% Fixed)	7
Total cost	155

Prepare a budget for the production of 8,000 units.

- (b) Zing purchases a taxi for ₹2,80,000. The estimated life is 10 years with a scrap value of ₹40,000. He uses the taxi for hire. Other details about the above taxi are given below:

Driver's Salary	₹3,200 per month
Cleaner's Salary	₹800 per month
Diesel (10 km per litre)	₹50 per litre
Oil and other Sundries	₹20 per 125 km
Repairs and Maintenance	₹8,400 per annum
Tax	₹7,200 per annum
Garage rent	₹620 per month
Insurance	₹9,600 per annum

The taxi runs an average of 100 km a day. 20% of the distance it runs without a passenger. Assuming that it runs 25 days in a month, Calculate the cost of running the taxi per km.

GROUP-B

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

- (a) What process would you follow for the purpose of accounting of under-absorption and over-absorption overheads? 6
- (b) From the following data prepare process accounts: 2+2+2

	X (₹)	Y (₹)	Z (₹)
Materials	30,000	20,000	16,000
Direct Labour	20,000	10,000	8,000
Output: 1,000 units			

Indirect Expenses are ₹5,200. Allocated them on following basis:
In Process X 1.5 times of Process Y and in process Z 0.5 times of Process X.

- (c) Distinguish between Standard Costing and Budgetary Control. 6
- (d) From the following details calculate Machine hour rate: 6

Cost of Machine ₹2,00,000, Installation Charges ₹10,000, Rent of the Shop ₹6,000 per month, Insurance premium of the machine 2% of Capital cost, Electric Rent for the shop per month ₹600, Repairs per month 5% of Capital cost, Supervisor's salary per month ₹3,600. Machine Occupies 1/4th of the Shop area. The life-time of the machine is 10 years and the anticipated scrap value is ₹20,000. The supervisor devotes 1/4th of time to the machine. The estimated idle time of the machine 25 hours per year, a normal working hour during the year is 250 days of 8 hours, 25 days of 5 hours.

- (e) Calculate Maximum Stock Level. 6

The annual consumption of materials of a company is 1,00,000 units at ₹2.40 per unit. Each order cost is ₹90 and the carrying cost is 15% of the annual average inventory value. The company operates 250 days per year. The procurement time is 10 days and the safety stock is 1,000 units.

- (f) From the following particulars, prepare the Stores Ledger Account using the FIFO Method. 6

1st Jan – Opening stock	1,000 units @ ₹10
5th Jan – Received	500 units @ ₹11
11th Jan – Issued	1,200 units
12th Jan – Received	800 units @ ₹11.50
20th Jan – Returned	100 units @ ₹10
25th Jan – Issued	500 units
30th Jan - Issued	200 units

GROUP-C

6. Answer any *four* questions: 3×4 = 12
- (a) What is the difference between a fund flow statement and an income statement? 3
- (b) When is the LIFO system of inventory valuation more appropriate? 3
- (c) Write a short note on Zero-Base Budgeting. 3
- (d) How should the Idle Time be treated in cost accounting? 3
- (e) Write any three limitations of Marginal Costing. 3
- (f) What do you mean by Labour Efficiency Variance and Idle Time variance? 3

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