BBA (6^{th} Semester) Examination, 2021
Subject: Cost & Management Accounting
Paper: AF 6.1

Time: 3 Hours **Full Marks: 80**

Group A

Answer any *six* questions $5 \times 6 = 30$

1. A company makes and sells 7000 units of its products and incurred a loss of Rs. 10000; whereas in case of 9000 units it would make a profit of Rs. 10000 instead.

   Calculate:

   i) The amount of fixed expenses.
   ii) The number of units to break-even.
   iii) The profit or loss for 10000 units.
   iv) The number of units to earn a profit of Rs. 40000.

   The selling price per unit can be assumed at Rs. 100.

2. A factory engaged in manufacturing buckets is working at 40% capacity and produces 10000 buckets per annum.

   The present cost break-up for one bucket is as under:

Material	Rs. 10
Labour cost	Rs. 3
Overheads	Rs. 5(60% fixed)

   The selling price is Rs. 20 per bucket.

   If it is decided to work at 50% capacity, the selling price falls by 3%. At 90% capacity, the selling price falls by 5%, accompanied by a similar fall in the price of material.

   You are required to calculate the profit at 50% and 905 capacities and also calculate break-even points for the same capacity productions.

3. From the following data, calculate labour variances:

   The budgeted labour force for producing product A is:

   20 Semi-skilled workers @ Rs. 75 per hour for 50 hours

10 Skilled workers @ Rs. 125 per hour for 50 hours

The actual labour force employed for producing product A is:

22 Semi-skilled workers @ Rs. 80 per hour for 50 hours.

8 Skilled workers @ Rs. 120 per hour for 50 hours.

4. A factory produces three products A, B and C of equal value from the same manufacturing process. Their joint cost before split off point is Rs. 19600. Subsequent costs are given as under:

Particulars	A(Rs.)	B(Rs.)	C(Rs.)
Material	1,500	1,300	1,000
Labour	200	150	100
Overhead	800	550	400
Total	2,500	2,000	1,500
Selling Price	30,000	24,000	20,000
Estimated profit on selling price	30%	25%	20%

Show how you would propose to apportion the joint costs of manufacture.

5. XYZ Company makes a single product with a sale price of Rs. 15 and variable cost of Rs. 9.

   Fixed costs are Rs. 30000 p.a. Current sales are 6000 units.

   Required:

   i) At what level of sales will the company break-even?
   ii) What is the current margin of safety?
   iii) What is the current level of profits?
   iv) What sales are necessary to make a profit of Rs. 12000, given the same revenue and cost structure?
6. Distinguish between Cost Centre & Cost Unit?
7. What is “Overhead”? Classify overhead s according to their functions.
8. How do you value closing stock of material in a manufacturing concern?

GROUP- B

Answer any 5 (five) questions. **(10x5=50)**

9. The standard cost of a chemical mixture is as under:

   8 tons of material A at Rs. 40 per ton.

   12 tons of material B at Rs. 60 per ton.

   Standard yield is 90% of input.

   Actual cost for a period is as under:

   10 tons of material A at Rs. 30 per ton.

   20 tons of material B at Rs. 68 per ton.

   Actual yield is 26.5 tons.

   Compute all material variances.

10. The following data concerns sales and cost of a manufacturing concern over two years:

	2019	2020
Sales @ Rs. 20 per unit	10000 units	10000 units
Production	12000 units	8000 units
Production costs:		
Material	Rs. 4 per unit	Rs. 4 per unit
Labour	Rs. 6 per unit	Rs. 6 per unit
Variable overheads	Rs. 2 per unit	Rs. 2 per unit
Fixed overhead	Rs. 36000 p.a.	Rs. 36000 p.a.

You are required to calculate for each of the two years the gross profits under both absorption costing and marginal costing principles.

11. From the following information prepare a cash budget of Sun Ltd. for the period from September 2020 to December 2020:

Months	Credit Purchase (Rs.)	Credit Sales (Rs.)	Wages (Rs.)	Selling Expenses (Rs.)	Overheads (Rs.)
July	85000	160000	32000	8000	10000
August	92000	185000	37000	9500	11500
September	100000	210000	42000	10500	13000
October	120000	245000	49000	12500	14500
November	90000	178000	35500	8900	10500
December	98000	182000	36000	9000	11000

Additional information:

i) Expected cash balance on 1 st September – Rs. 10500
ii) Period of credit allowed to debtors – 2 months.
iii) Period of credit allowed by creditors – 1 month.
iv) Lag in payment of wages, selling expenses and overheads – 1 month.
v) Selling commission @ 2% on sales is payable one month after sales.
vi) Expenditure on machinery worth Rs. 50000 is payable in October.
vii) Expected cash sales per month Rs. 15000. No commission is payable on cash sales.

12. The following data relates to a company which manufactures three products X, Y and Z.

	X	Y	Z
Production (units)	2000	2400	3000
Cost per unit:	Rs.	Rs.	Rs.
Materials	5	8	12
Labour	2	4	3
Variable overhead	1	2	1
Fixed overhead	6	5	6
Total cost per unit	14	19	22
Selling price per unit	20	25	30

Profit per unit	6	6	8

The production manager suggests that one production line should be discontinued – he undertakes to double the existing production in the remaining two lines.

You are required to advise the management whether the suggestion is acceptable and, if so, which production line should be discontinued.

13. A group of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rates of Rs. 1.25, Re. 0.80 and Re. 0.70 respectively. In a normal working week of 40 hours the group is expected to produce 1000 units of output.

    In a certain week, the group consisted of 13 men, 4 women and 3 boys. Actual wages were paid at the rates of Rs. 1.20, Re. 0.85 and Re. 0.65 respectively. Two hours per week were lost due to abnormal idle time and 960 units of output were produced. Calculate various labour variances.

14. Distinguish between ‘Cost Sheet’ & ‘Cost Account’.

15. Write short notes on - (a) Job Cost Sheet and (b) Batch Costing.