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Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination – November 2024
III Semester

Class: II UG
Major: BBA RM

Time: 3 Hours
Max. Marks: 100

23BREDE1B Cost and Management Accounting

Course Outcomes:

- CO1: Determine various types of cost in retailing
CO2: Prepare cost estimate for retail outlets.
CO3: Prepare various budgets and to measure the performance of the business firm applying budgetary control measures.
CO4: Analyse the role of ERP in cost and management accounting.
CO5: Develop competencies and knowledge to become management and cost accounting professionals.

Part A

Choose the correct the answer

10 x 1 = 10

- | | | |
|--|-------------------------------|--------|
| 1. Basic objectives of cost accounting is | | CO1 K1 |
| a. tax compliance | b. financial audit | |
| c. cost ascertainment | d. profit analysis | |
| 2. Cost of sales plus profit is | | CO1 K1 |
| a. selling price. | b. value of finished product. | |
| c. value of goods produced. | d. value of stocks | |
| 3. At Break even point there is | | CO2 K1 |
| a. Profit | b. Loss | |
| c. No profit no loss | d. None of this | |
| 4. Contribution per unit is equal to | | CO2 K1 |
| a. Selling price per unit – variable cost per unit | | |
| b. Selling price per unit + variable cost per unit | | |
| c. Selling price per unit *variable cost per unit | | |
| d. Selling price per unit / variable cost per unit | | |
| 5. Budget is prepared for a | | CO3 K1 |
| a. indefinite period | b. Definite period | |
| c. Period of one year | d. Six months | |
| 6. Fixed Budget is also known as | | CO3 K1 |
| a. Static Budget | b. Standard Budget | |
| c. Master Budget | d. Flexible Budget | |
| 7. A method used in a comparative analysis of financial statement is | | CO4 K1 |
| a. Returning analysis | b. Common size analysis | |
| c. Preference analysis | d. Graphical analysis | |
| 8. The ideal quick ratio is | | CO4 K1 |
| a. 2:1 | b. 1:1 | |
| c. 5:1 | d. None of the above | |
| 9. Standard costing is a technique of | | CO5 K1 |
| a. Planning business Activities | b. Cost Control | |
| c. staffing | d. Motivating | |
| 10. The difference between actual cost and standard cost is known as | | CO5 K1 |
| a. Variance | b. Profit | |
| c. Differential cost | d. None of the above | |

Part B

Answer ALL questions

Each answer should not exceed 400 words or two pages

5 x 6 = 30

11. a. what are the essentials principles of good costing system? CO1 K2
(or)
11.b. Explain Briefly the tools and techniques used in management Accounting. CO1 K2

12 .a. Calculate Break Even Point from the following
Sales 1000 units at Rs 10 each Rs 10000; Fixed Cost- Rs-8000 if the selling price is reduced to Rs 9 , what is the new break even point
(Or)

CO2 K2

12.b. Elaborate Break Even Point? Discuss it uses.

CO2 K2

13 a. The Golden Company plans to sell 1,08,000 units of certain product line in the first fiscal quarter, 1,20,000 units in the second quarter, 1,32,000 units in the third quarter and 156,000 units in the fourth quarter and 1,38,000 units in the first quarter of the following year. At the beginning of the first quarter of the current year, there are 18,000 units of product in this stock. At the end of each quarter, the company plans have an inventory equal to one- sixth of the sales for the next fiscal quarter.

CO3 K3

How a many units must be manufactured in each quarter of the current year
(or)

13.b. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%,80%, and 90% plant capacity

CO3 K3

Particulars	At 80% Capacity
Variable overheads:	
Indirect Labour	12000
Stores including spares	4000
Semi-Variable overheads:	
Power(30%fixed, 70% variable)	20000
Repairs and Maintenance (60%fixed, 40% variable)	2000
Fixed overheads:	
Depreciation	11000
Insurance	3000
Salaries	10000
Total overheads	62000
Estimated direct labour hours	124000hrs

14.a. From the following information, prepare a comparative Income statement

CO4 K2

Particulars	31-3-2020	31-3-2021
Sales	10,00,000	8,00,000
Cost of goods sold	6,00,000	4,00,000
Adm. Selling and Distribution Expenses	2,00,000	1,40,000
Other incomes	40,000	20,000
Income tax	1,20,000	1,40,000

(or)

14.b. Calculate the Gross profit ratio from the following figures:

CO4 K2

Particulars	Rs	Particulars	Rs
Sales	100000	Purchases	60000
Sales Returns	10000	Purchases Returns	15000
Opening Stock	20000	Closing Stock	5000

15.a. From the following particulars, compute:

CO5 K3

(a) Material Cost Variance (b) Material price variance; and (c) Material Usage Variance

Particulars	Amount	Particulars	Amount
Quantity of Materials purchased	3,000 Units	Opening stock of Materials	Nil
Value of materials purchased	Rs 9000	Closing stock of Materials	500 units
Standard Quantity of materials required per tonne of output	30 units	Output during the period	80 tonnes
Standard rate of materials	Rs 2.50 per unit		

(or)

15.b. Discuss elaborately the advantages and Limitations of Standard Costing

CO5 K2

Part C

Answer ALL questions

5 x 12 = 60

Each answer should not exceed 800 words or four pages

- 16.a. From the following Information for the month of January, prepare a cost sheet to show the following components
- | | |
|-----------------------|-----------------|
| a) Prime Cost | b) Factory cost |
| c) Cost of Production | d) Total Cost |
- CO1 K5

Particulars	Rs	Particulars	Rs
Direct Material	57000	Office Salaries	1600
Direct Wages	28500	Director's Remuneration	1500
Factory rent and rates	2500	Telephone and postage	200
Office rent and rates	500	Printing and stationery	100
Plant repairs and maintenance	1000	Legal Charges	150
Plant Depreciation	1250	Advertisement	1500
Factory heating and lighting	400	Salesmen's Salaries	2500
Factory manager's Salary	2000	Showroom Rent	500
Sales	116000		

(or)

- 16.b. To what extent does Management Accounting differ from a) financial Accounting, and b) cost Accounting?
- CO1 K5

17. a.

Year	Sales	Profit
2020	1,20,000	8,000
2021	1,40,000	13,000

Find out-

- (i) P/V ratio (ii) B.E Point (iii) Profit when sales are Rs 1, 80, 000
 (iv) Sales required to earn a profit of Rs12000
 (v) Margin of safety in year 2021

CO2 K5

(or)

- 17.b. A company is considering expansion . Fixed costs amount to Rs. 4,20,000 and are expected to increase by Rs 1,25,000 when plant expansion is completed . The present plant is 80,000 units a year. Capacity will increase by 50% with the expansion . Variable costs, Currently Rs.6.80 per unit are expected to go down by Re.0.40 per unit with the expansion. The current selling price is RS. 16 per unit and is expected to remain the same under each alternative.
- CO2 K5

- 18 a. Discuss the essential qualities of good budgetary control system.

CO3 K4

(or)

- 18.b. Prepare a cash budget for 3 months ending 30 June 2021, from the information given.

CO3 K5

Month	Sales(Rs)	Materials (Rs)	Wages(Rs)	Overheads(Rs)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

(b) credit terms are:

Sales and Debtors- 10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month:

Creditors- Materials - 2 months; Wages - ¼ month; overheads -1/2 month

(c) Cash and bank balance on 1 April 2021 is expected to be Rs 6000

(d) **Other relevant information are:**

(i) Plant and Machinery will be installed in February 2021 at a cost of Rs96000. The monthly installment of Rs 2000 is payable from April onwards.

(ii) Dividend @ 5% on preference share capital of Rs. 2,00,000 will be paid on June 1.

(iii) Advance to be received for sale of vehicles Rs 9000 in June

(iv) Dividends from investments amounting to Rs 1000 are expected to be received in June

(v) Income tax (advance) to be paid in June is Rs 2000

19.a. Dhandapani & co ltd., furnishes the following balance sheets for the years 1997 and 1998. Prepare common- size balance sheets.

CO4 K5

Liabilities	1997	1998	Assets	1997	1998
Share Capital	2,00,000	3,00,000	Buildings	4,00,000	4,00,000
Reserves	6,00,000	7,00,000	Machinery	6,00,000	10,00,000
10% Debentures	2,00,000	3,00,000	Stock	2,00,000	3,00,000
Creditors	3,00,000	5,00,000	Debtors	2,00,000	2,50,000
Bills Payable	1,00,000	80,000	Cash at bank	1,00,000	50,000
Tax payable	1,00,000	1,20,000			
	15,00,000	20,00,000		15,00,000	20,00,000

19.b. The following is the comparative Balance sheets of pratima & co ltd. As on 30th june 1987 and 30th june 1998.

CO4 K5

Liabilities	30.6.1987	30.6.1988	Assets	30.6.1987	30.6.1988
Share Capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P& L A/c	39,000	24,000	Machinery	74,000	72,000
Trade Creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for Taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional Information:

- (i) Depreciation Charged on machinery Rs. 10,000 and on buildings Rs 8,000
- (ii) Investments sold during the year Rs. 3000
- (iii) Rs.15,000 interim dividend paid during January 1988.
- (iv) Taxes paid during the year Rs. 30,000

Prepare

- (a) A statement of changes in working capital
- (b) A funds flow statements

(or)

20.a. From the following, calculate Labour variances for Department A and B

CO5 K4

Particulars	Dept A	Dept B
Actual Direct Wages	2000	1800
Standard Hours Produced	8000	6000
Standard rate per hour	30 paise	35 paise
Actual hours worked	8200	5800

(or)

20.b. The standard cost on 'Material' and 'labour' for the making of unit of a certain product are estimated as under:

- Material 80kg at Rs1.50 per kg
- Labour 18 hrs at Rs.1.25 per hr

On completion of the production of a unit, it was found that 75 kgs of material costing Rs1.75 per kg has been consumed and that the time taken was 16 hours, the wage rate being Rs1.50 per hour.

You are required to analyse material and labour variances

CO5 K5