STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2016 - 2017)

SUBJECT CODE: 16CM/MC/AM25

B.B.A DEGREE EXAMINATION APRIL 2017
BUSINESS ADMINISTRATION
SECOND SEMESTER

COURSE : MAJOR – CORE
PAPER : ACCOUNTING FOR MANAGEMENT - II
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL QUESTIONS: **(10 x 2 = 20)**

1. Explain Cost centre.
2. Give the causes of Labour turnover.
3. What is Idle capacity?
4. What is Marginal Costing?
5. Give two uses of Standard Costing.
6. A factory produces 100 units of a commodity. The cost of production is:
   Prime cost Rs.16,000; Factory overheads Rs.6,500; Administration overheads Rs.3,480. What would be the selling price of each unit of the commodity if a profit of 25% on sales is to be realised?

7. Calculate EOQ from the following data:
   Annual consumption 1,600 units; Buying cost per order Rs.50;
   Cost per unit of material Rs.40; Storage and carrying cost 10%

8. Calculate the overhead allocable to production departments A and B from the following:
   There are two service departments X and Y. X renders service to A and B in the ration 3:2 and Y renders service to A and B in the ration 9:1. Overhead as per primary overhead distribution is:

A	B	X	Y
49,800	29,600	15,600	10,800

9. Calculate Break Even Points in units from the following particulars;
   Fixed expenses Rs.1,50,000; Selling price per unit Rs.15;
   Variable price per unit Rs.10

10. From the following particulars prepare Production Budget:
    Sales Rs.1,50,000 ; Opening Stock Rs.14,000; Closing Stock Rs.15,000

SECTION – B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40)**

11. Differentiate between Financial Accounting and Cost Accounting.
12. Explain the classification of variances.

13. Prepare reconciliation statement from the following data:

	Rs.
Net loss as per cost accounts	3,44,800
Net loss as per Financial Account	4,32,090
Works overhead under recovered in costs	6,240
Depreciation overcharged in costs	2,600
Administrative overhead recovered in cost – excess	3,400
Interest on investment	17,500
Goodwill written off in Financial Books	11,400
Income tax paid	80,600
Stores adjustment (Cr.) in Financial Books	950
Depreciation of stock charged in Financial books	13,500

14. Calculate the earnings of a worker from the following information under
(a) Time Rate Method (b) Piece Rate Method (c) Halsey Plan and (d) Rowan Plan
Standard Time 30 hours; Time taken 20 hours
Hourly rate of wage is Re.1 per hour plus a dearness allowance @ 50 paise per hour worked.

15. Work out the machine hour rate of a Saw Mill from the following information of a Wood working shop:
Purchase price of the Saw Mill Rs.90,000
Railway freight and installation charges Rs.10,000
Life of the saw mill is 10 years at 2,000 working hours per year
Repair charges is 50% of depreciation
Consumption of electric power – 10 units per hour @ 70 paise per unit
Lubricating oil @ Rs.20 per day of 8 hours
Consumable stores @ Rs.100 per day of 8 hours
Wages of machine operator @ Rs.40 per day of 8 hours

16. The following figures of sales and profit for two period are available in respect of a concern:

Period	Sales Rs.	Profit Rs.
1	1,00,000	12,000
2	1,40,000	22,000

You are required to calculate (a) Profit Volume ratio (b) Fixed cost (c) Profit when sales volume is Rs.2,00,000 (d) Sales required to earn a profit of Rs.30,000.

17. The expenses for a budgeted production of 10,000 units are as follows:

	Rs. / unit
Materials	70
Variable overhead	20
Variable expenses – Direct	5
Distribution expenses (20% fixed)	7
Labour	25
Fixed overhead (Rs.1,00,000)	10
Selling expenses (10% fixed)	13
Administration expenses (Rs.50,000)	5

Prepare a budget for production of 8,000 units and indicate the cost per unit in both the levels.

SECTION – C

ANSWER ANY TWO QUESTIONS: (2 x 20 = 40)

18. From the following particulars, prepare stores ledger account pricing under LIFO method:

1-03-2015	Opening stock 200 tonnes @ Rs.480 per tonne
6-03-2015	Issued 140 tonnes
7-03-2015	Purchased 350 tonnes @Rs 460 per tonne
8-03-2015	Condemned due to deterioration in quality and transferred to scrap 30 tonnes
9-03-2015	Issued 80 tonnes
14-03-2015	Issued 210 tonnes
17-03-2015	Purchased 200 tonnes @ Rs480 per tonne
20-03-2015	Issued 280 tonnes
25-03-2015	Purchased 280 tonnes @ Rs.470 per tonne
28-03-2015	Issued 280 tonnes

Excess found in stock 43 tonnes due to wrong weighing during the month (21-03-2015). The maximum level is fixed at 400 tonnes, minimum level 75 tonnes, the reorder level is 100 tones.

19. Universal limited has three production departments, Alpha, Beta, Gamma and two service departments, Delta and Theta. The company supplied the following information for the year ending 31st December 2015:

Rent Rs.5,000	Electricity Rs.2,000	Indirect material Rs.1,500
Depreciation Rs.5,000	Power Rs.4,000	Welfare expenses Rs.1,300

Particulars	Production Departments			Service Departments	
	Alpha	Beta	Gamma	Delta	Theta
Direct wages (Rs.)	4,000	5,000	3,000	---	---
Direct Material (Rs.)	5,000	6,000	4,000	---	---
Area (Sq. Ft.)	1,100	1,300	1,200	500	900
No. Of workers	50	10	40	10	20
No. Of light points	8	12	10	4	6
H.P. of machines	5	10	10	6	9
Value of machines (Rs.)	15,000	30,000	22,500	---	7,500

Expenses of Service Departments Delta and Theta are apportioned as under:

	Alpha	Beta	Gamma	Delta	Theta
Delta	20%	40%	30%	---	10%
Theta	30%	20%	30%	20%	---

You are required to

(i) Prepare primary overhead distribution summary on most equitable basis and

(ii) Prepare a secondary distribution summary by Repeated Distribution method

20. Ambika Condiments brings out two products SUCHI and RUCHI which are popular in market. The management has the option to alter the sales mix of the two products from out of the following combinations:

	SUCHI (Units)	RUCHI (Units)
Option I	800	600
Option II	1,600	NIL
Option III	NIL	1,300
Option IV	1,100	500

The cost of production per unit are:

	SUCHI	RUCHI
Direct material (Rs.)	25	30
Direct labour (Hours)	10	12
Selling price (Rs.)	75	90

Variable factory overhead is 100% of direct labour cost for both products

Labour rate is Rs.2 per hour

Common fixed overhead for both products Rs.10,000

You are required to prepare a marginal cost statement for the two products and evaluate the options and identify the most profitable sales mix.

21. Prepare a cash Budget for the month of May, June and July, 2015 on the basis of the following information:

(a) Income and Expenditure forecast

Month	Credit Sales Rs.	Credit Purchases Rs.	Wages Rs.	Manufacturing expenses Rs.	Office Expenses Rs.	Selling expenses Rs.
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

(b) Cash Balance on 01-05-2015, Rs.8000

(c) Plant costing Rs.16,000 is due for delivery in July payable 10% on delivery and balance after 3 months

(d) Advance tax for Rs.8,000 each is payable in the month of March and June

(e) Period of credit allowed by supplier 2 months and to customers 1 month

(f) Lag in payment of manufacturing expenses ½ month

(g) Lag in payment of Office and Selling expenses 1 month

(h) Wages are paid on the first of next month.

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