

**B.B.A. DEGREE EXAMINATION APRIL 2019**  
**BUSINESS ADMINISTRATION**  
**SECOND SEMESTER**

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

**Section A**

**Answer ALL the questions.**

**(10 x 2 = 20)**

1. What is Cost centre?
2. What are the two methods of Remuneration?
3. What are allocation of overhead expenses?
4. What do you mean by Cost Volume Profit Analysis?
5. What is Budgetary Control?
6. During the year 2018 Zenith ltd, produced 50000 units of a product. The following were the expenses:

Stock of raw materials on 1.1.2018	Rs.10,000
Stock of raw materials on 31.12.2018	Rs.20,000
Purchases	Rs.1,60,000
Direct wages	Rs.75,000
Direct expenses	Rs.25,000
Factory expenses	Rs.37,500
Administration expenses	Rs.62,500
Selling and Distribution expenses	Rs.25,000.

You are required to prepare a cost sheet showing cost per unit.
7. Find out the EOQ from the following:

Consumption usage	Rs.8000 units.
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Ordering Cost per order Rs.25, Storage and carrying cost per annum: 10% of inventory value.
8. Standard time 10 hours. Number of unit to be completed 5. Hourly rate is Re. 0.25. Time taken 8 hours. Calculate a worker's total earnings under Rowan plan. Also determine the effective rate of earning per hour.
9. From the following find the P/V ratio, Margin of safety and BEP.

Sales	Rs. 1,00,000
Variable cost	Rs. 60,000
Fixed cost	Rs. 30,000
10. Prepare Production Budget for 3 months ending march 2010 for a factory producing 3 products on the following information.

Product	Estimated stock 1-1-2010 in units	Estimated sales in unit	Desired closing stock 31-3-2010 in units
X	20000	100000	50000
Y	30000	150000	40000
Z	40000	130000	30000

Answer Any FIVE questions.

(5 x 8 = 40)

11. Write the difference between cost accounting and management accounting.
12. From the Following particulars, prepare the stores ledger Last in First out method.
- |                        |                    |
|------------------------|--------------------|
| a. Dec 1 stock in hand | 500 units          |
| b. Dec 2 Issued        | 200 units          |
| c. Dec 3 Purchased     | 150 units @ Rs. 22 |
| d. Dec 4 Issued        | 100 units          |
| e. Dec 5 Purchased     | 200 units @ Rs.25  |

13. Kishore Ltd has three production departments A, B,&C and two service department D & E. The following figures are extracted from the records of the company.

Rent and rates	Rs.5,000
Indirect wages	Rs.1,500
Depreciation of machinery	Rs.10,000
General lighting	Rs.600
Power	Rs.1,500
Sundries	Rs.10,000

Further details are available from the following:

Particulars	Total	A	B	C	D	E
Floor space in sq feet	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
D.wages	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	30	50	10	-
Value of machinery Rs.	2,50,000	60,000	80,000	1,00,000	5,000	5,000

14. A company shows the following results for two periods:

Period	Sales	Profit
I period	Rs. 20,000	Rs. 1,000
II period	Rs. 10,000	Rs. 400

Calculate a. P/V ratio, b. Fixed cost c. BEP d. Profit when sales are Rs.30000.

15. Explain the merits of zero-base budgeting.
16. In a factory workers are paid at Rs.50 per hour. During the month of april 2010, there were 50 working days of 8 hours each. There is also a piece work plan where in Rs. 10 is to be paid per piece produced. During the month worker X produced on an average 48 pieces per working day. Ascertain the wages of worker X under a. Time wages and b. Piece wages.
17. From the following figures , prepare a reconciliation statement between cost and financial records.
- |  |             |
|--|-------------|
| Net profit as per financial records            | Rs.1,28,755 |
| Net profit as per costing records              | Rs.1,72,400 |
| Works overhead under recovered in costing      | Rs.3,120    |
| Office overhead recovered in excess            | Rs.1,700    |
| Depreciation charged in financial records      | Rs.11,200   |
| Depreciation recovered in costing              | Rs.12,500   |
| Interest received but not included in costing  | Rs.8,000    |
| Obsolescence loss charged in financial records | Rs.5,700    |

Income tax provided in financial books	Rs.40,300
Banks interest credited in financial books	Rs.750
Stores adjustment (credit in financial books)	Rs.475
Depreciation of stock charged in financial book	Rs.6,750

### Section C

Answer Any TWO questions.

(2 x 20 = 40)

18. The account of a machine manufacturing company disclose the following information for six month ending 31 dec 2017

Materials used	Rs.1,50,000
Direct wages	Rs.1,20,000
Factory overheads	Rs.30,000
Administration expenses	Rs.15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1,250 and expenditure in productive wages Rs. 750, so that the price might yield a profit of 20% on the selling price.

19. Material A is used in a month.

Maximum usage in a month	Rs.600units
Minimum usage in a month	Rs.400units
Average usage in a month	Rs.450units
Lead time : Maximum 6month, minimum 2 months.	
Reorder quantity :1500 units.	

Maximum reorder period for emergency purchases – 1 month.

Calculate : a. Reorder level      b. Maximum level    c. Minimum level    d. Average stock level    e. Danger level.

20. Calculate machine hour rate to cover overhead expenses indicated below.

Particulars	Per hour (rs.)	Particulars	Per year (rs.)
Electric power	0.75	Rent	270
Steam	0.30	Repairs	550
Water	0.20	Running hours	2000

Original cost of the machine is Rs. 15000.; Book value Rs. 3500; replacement value Rs.11,500, depreciation 10% on original cost.

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

Variable overhead : at 80% capacity

Indirect labour 12,000

Stores & spares 4,000

Semi- variable overhead:

Power (30% fixed ) 20,000

Repairs (40% variable) 2,000

Fixed overhead:

Depreciation 11,000

Insurance 3,000

Salaries 10,000

Total overheads 62,000 and Estimated direct labour hours 1,24,000 hrs.