



UNIVERSITY OF NORTH BENGAL
BBA Honours 3rd Semester Examination, 2020

CC6-BBA (302)

COST AND MANAGEMENT ACCOUNTING

Full Marks: 60

ASSIGNMENT

The figures in the margin indicate full marks.

Answer any two of the following assignments

30×2 = 60

1. A manufacturing concern produces one product. The owner of the concern says that the financial accounts are sufficient to assist him in decision making. For this he does not want to install a costing system in his concern. Write a letter to the owner of the concern to convince him that he still needs a costing system. Also suggest him the steps to be taken by him to install a costing system in his concern. 30
2. (a) Suggest the steps to be taken by the management of a manufacturing concern to establish a prudent purchase procedure from the time a need for material is determined until the material is stored and paid for. 16
- (b) The annual consumption of a material is 40,000 units. The purchase price per unit is Rs. 40; ordering cost per order is Rs. 400 and carrying cost is 5% p.a. At present, the concern has been following optimum purchasing policy. Now, the supplier has offered a rate of Rs. 39.90 and Rs. 39.85 per unit for purchasing 5,000 units and 10,000 units at a time respectively. Should any offer be accepted? 14
3. ABC Co. Ltd. undertook a contract in 2015 at a contract price of Rs. 5,25,000. The accounting year of the company ends on 31st December of every year. The following particulars are obtained in respect of the said contract: 30
The transactions for the year 2017 are:

	Rs.
(a) Materials Issued	70,000
(b) Plant Issued	39,000
(c) Wages paid	23,000
(d) Other expenses	13,000
(e) Normal Loss of materials	1,200
(f) Materials lost in accident	3,000
(g) Insurance claim received for material lost in accident	2,300

Balances for the year 2017:

	On 01.01.17 (Rs.)	On 31.012.17 (Rs.)
(a) Materials at site	3,400	4,200
(b) Plant at site	1,02,000	1,28,000
(c) Outstanding Wages	4,300	2,100
(d) Prepaid other expenses	1,800	3,700
(e) Advanced received from the contractee	1,12,000	3,20,000
(f) Value of Works Certified	1,42,000	3,86,000
(g) Cost of Works uncertified	13,000	15,000
(h) Work-in progress (Reserve)	25,800	??

Prepare Contract accounts for the year ended on 31.12.2017.

—x—