REV-00
BBA/20/25

2016/12

BBA
Third Semester
COST AND MANAGEMENT ACCOUNTING
(BBA- 302)

Duration: 3Hrs. **Full Marks: 70**

Part-A (Objective) =20
Part-B (Descriptive) =50

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins. **Marks: 50**

Answer any *four* from *Question no.* 2 to 8
***Question no.* 1 is compulsory.**

1. Define Cost accounting and Management Accounting. Distinguish between Cost accounting and Management accounting. 4+6=10
2. What do you understand by 'overheads'? How will you classify them? Distinguish between 'allocation and apportionment' of overheads. 2+6+2=10
3. Define 'Budget' and 'Budgetary Control'. Give a description of two important budgets. 4+6=10
4. Define 'Standard Cost' and 'Standard Costing'. Discuss the benefits of standard costing. 4+6=10
5. From the following forecasts of income and expenditure, prepare a cash budget for the months January to April,2014 10

Year	Month	Sales (credit)	Purchases (credit)	Wages	Manufacturing Exp	Admin. Exp	Selling Exp
2013	Nov	30000	15000	3000	1150	1060	500
	Dec	35000	20000	3200	1225	1040	550
2014	Jan	25000	15000	2500	990	1100	600

	Feb	30000	20000	3000	1050	1150	620
	March	35000	22500	2400	1100	1220	570
	April	40000	25000	2600	1200	1180	710

Additional information:

a) The customers are allowed a credit period of 2 months

b) A dividend of Rs.10000 is payable in April

c) The creditors are allowing a credit of 2 months

d) Wages are paid on the 1st of the next month

e) Lag in payment of other expenses is one month

f) Capital expenditure to be incurred : Plant purchased on 15th January for Rs.5000; A Building has been Purchased on 1st March and the payments are to be made in monthly installments of Rs.2000 each

g) Balance of Cash in hand on 1st Jan,2014 is Rs.15000

6. a) Explain the concept of flexible budget. 2+8=10

b) Pentax limited has given the following information about the expenses for production of 10000 units for the year 2015 below:

Items	Per unit Rs.
Materials	70
Labour	25
Variable Overheads	20
Fixed Overheads(Rs100000)	10
Variable Expenses(Direct)	5
Selling Expenses (10% fixed)	13
Distribution Expenses(20% fixed)	7
Administrative	5

Epenses(Rs50000)	
Total Cost	155

Prepare a flexible budget for 8000 units and 6000 units

7. From the following particulars, prepare a Cost Sheet showing

a) Cost of Materials Consumed b)Prime Cost

c) Factory Cost d) Cost of Production and

e) Profit

2+2+2+2+2+2=10

	Rs.
Opening stock of raw materials	20,000
Opening stock of work in progress	10,000
Opening stock of finished goods	50,000
Raw materials purchased	5,00,000
Direct wages	3,80,000
Sales for the year	12,00,000
Closing stock of raw materials	75,000
Closing stock of work in progress	15,000
Factory overhead	80,000
Direct expenses	50,000
Office and Administrative overhead	60,000
Selling and Distribution expenses	30,000

8. a)Define Variance Analysis. 1+9=10

b) From the following information Calculate

(i) Material Cost Variance

(ii)Material Price Variance

(iii) Material Usage Variance

Standard Price	Rs. 6 per kg
Actual Price	Rs. 8 per kg
Standard Quantity	1000 kg
Actual Quantity used	900 kg

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Duration: 20 minutes **Marks – 20**

(PART A - Objective Type)

I. Choose the correct answer: **1×10=10**

1. The primary objective of cost accounting is-----------.

   A. financial audit B. Cost ascertainment.

   C. profit analysis. D. tax compliance

2. Prime Costs consist of

   A. Direct Material and Direct Labour

   B. Direct Labour and Production Overhead

   C. Fixed Costs and Variable Costs

   D. Direct Labour only E. Direct Material only

3. Selling price per unit Rs. 10; variable cost Rs. 8 per unit; fixed cost Rs. 20,000; Break Even production in units--------------.

   A. 10,000 B. 16,300 C. 2,000 D. 2,500

4. A cost that changes in proportion to a change in activity level is a

   A. Mixed Cost B. Fixed Cost

   C. Variable Cost D. Step Cost E. Sunk cost

5. Which of the following is a Product Cost?

   A. Raw Material B. Selling Cost

   C. Distribution Cost D. Administration Cost

   E. Finance Interest

6. Total sales-total variable cost-----------------------------

A. fixed cost B. semi variable cost

C. Contribution D. break even point

7.The costs that can be directly allotted or traced to a particular cost unit or cost centre are:

A. Production costs B. Direct costs C. Indirect costs

D .Indirect materials E. Indirect Labour

8. Which of the following is not an example of variable cost?

A. Cost of raw material B. Cost of direct labour

C. Bonus payment for achieving a certain performance level

D. Cost of fuel for generating plant E. Indirect Overhead

9.Overhead cost is the total of-----------------.

A. all indirect costs B. all direct costs

C. indirect and direct costs. D. all specific costs.

10. The fixed-variable cost classification has a special significance in the preparation of-----------.

A. Capital budget B. Cash budget

C. Master budget D. Flexible budget

II. State whether true or false: **1×10=10**

1. Cost accounting refers to the techniques and processes of ascertainment of costs.
2. Wages paid to a labour who was engaged in production activities can be termed as direct cost.
3. Indirect material used in production is classified as selling overhead.

4. Direct material is a variable cost.
5. The three main categories of manufacturing costs are: direct material, direct labour and factory overhead
6. Margin of Safety is the difference between actual sales and break even sales.
7. Selling price-marginal cost= break even point
8. An increase in variable costs reduces contribution
9. Cash budget is usually a long-term budget
10. A variance may be either favourable or adverse.

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