 

# BBA
## BBA -3RD
## COST AND MANAGEMENT ACCOUNTING
## BBA- 302

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

{ Part : A (Objective) = 20
Part : B (Descriptive) = 50 }

[ PART-B : Descriptive ]

**Duration: 2 Hrs. 40 Mins.** **Marks: 50**

[ Answer Question No. 1 & any four (4) from the rest ]

1. What is cost accounting? State and explain the main differences between cost accounting and Management Accounting. 2+8=10
2. What do you mean by overhead. How can you classify overheads in different ways. Explain in details. 2+8=10
3. Write a short note on Budgetary control. Discuss the importance of Budgetary Control. 2+8=10
4. From the following information for the month of july, prepare a cost sheet to show the following components : (a)Prime cost (b)Factory cost (c)Cost of production (d)Total cost. 10

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| **Opening stock of raw materials** | **1,50,000** | **Factory rent, rates and power** | **30,000** |
| **Closing stock of raw materials** | **1,80,000** | **Depreciation of Plant and Machinery** | **7,000** |
| **Direct wages** | **1,00,000** | **Repairs of Machinery** | **3,000** |
| **Indirect wages** | **10,000** | **Advertising** | **12,000** |
| **Opening W-I-P** | **55,000** | **Office rent & taxes** | **5,000** |
| **Closing W-I-P** | **70,000** | **Salesmen salaries & Commission** | **15,000** |
| **Sales** | **4,00,000** | **Opening Stock of Finished Goods** | **1,00,000** |
| **Purchase of Raw Materials** | **1,30,000** | **Closing Stock of finished Goods** | **65,000** |
| **Carriage inwards** | **5,000** | | |

5. The expenses for the production of 10000 units in a factory are given as follows: 5+5=10

| Particulars | Per unit Rs. |
|---|---|
| Material | 70 |
| Labour | 25 |
| Variable Overhead | 20 |
| Fixed Overhead | 10 |
| Variable Expenses(Direct) | 5 |
| Selling expenses(10% Fixed) | 13 |
| Distribution Expenses(20% Fixed) | 7 |
| Administration Expenses( Direct) (Rs.50000) | 5 |
| Total Cost of Sales per unit | 155 |

You are required to prepare a flexible budget for 8000 and 6000 units.

6. a) What do you mean by Break Even Analysis. 2

b) From the following information calculate : (i) contribution (ii) P/V Ratio

(ii) Break even Sales (iv) Required Sales to earn a profit of Rs. 60000 2x4=8

**Selling Price Per unit Rs. 25**
**Variable Cost per unit Rs.20**
**Fixed expenses Rs. 60000**

7. What do you mean by Standard Costing and variance analysis? 2+2=4

8.From the following calculate: Material cost Variance, Material Price variance and Material Usage Variance 2x3=6

The standard cost of material for manufacturing a unit of a particular product PEE is estimated as follows: 16 kg of raw material @ Re. 1 per kg.

On completion of the unit, it was found that 20 kg. of raw material costing Rs. 1.50 per kg has been consumed.

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BBA/25/36

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**Marks: 70** **Time: 3 hours**

**I. Choose the correct answer:** **20X1=20**

1. Basic objective of cost accounting is ________.
   A. tax compliance. B. financial audit.
   C. cost ascertainment. D. profit analysis.

2. Overhead cost is the total of __________.
   A. all indirect costs. B. all direct costs.
   C. indirect and direct costs. D. all specific costs.

3. Costing refers to the techniques and processes of _________.
   A. ascertainment of costs. B. allocation of costs.
   C. apportion of costs. D. distribution of costs.

4. Wages paid to a labour who was engaged in production activities can be termed as ________.
   A. direct cost. B. indirect cost. C. sunk cost. D. imputed cost.

5. Prime cost includes _______.
   A. direct materials, direct wages and indirect expenses.
   B. indirect materials and indirect labour and indirect expenses.
   C. direct materials, direct wages and direct expenses.
   D. direct materials, indirect wages and indirect expenses

6. Direct material is a ________.
   A. manufacturing cost. B. administrative cost.
   C. selling cost. D. distribution cost.

7. Direct labour means _________.
   A. labour which can be conveniently associated with aparticular cost unit.
   B. labour which completes the work manually.
   C. permanent labour in the production department.
   D. labour which is recruited directly and not through contractors.

8. Direct material Rs. 25,000 and wages Rs. 15,000 and direct expenses Rs. 5,000. What would be the factory cost if factory overhead rate is 20%
   A. Rs. 45,000. B. Rs. 50,000. C. Rs. 54,000 D. Rs. 60,000.

9. Management accounting has a................Scope than cost accounting
   A. Wider B. Narrow C. No D. None of these

10. The basic function of Management Accounting is to................
    A. Record all business transactions B. Interpret the financial data
    C. Assist the management in performing its functions effectively
    D. None of these

11. Fixed cost per unit ___________ with increase in output.
    A. decrease. B. increase. C. constant. D. dis-proportionate.

12. When fixed costs is Rs.20000 and P/V Ratio is 50% the break even point will be
    A.Rs.40000 B. Rs.20000 C. Rs.60000

13. The difference between fixed and variable cost has a special significance in the preparation of :
    A.Flexible budget B. Master budget C. Cash budget.

14. Break Even Point refers to :
    A.Maximum sales B. Maximum Profit C. No Profit No Loss Point

15. Margin of Safety refers to :
    A. Breakeven point B. Minimum sales
    C. Difference between actual sales and break even sales.

16. Analysis of the deviation from actual and standard cost is called :
    A. Variance analysis B. Cost analysis
    C. Budget analysis D. Inventory analysis.

17. If the actual cost is greater than standard cost it is known as :
    A.Favorable variance B. Budget
    C. Marginal cost D. Unfavourable variance.

18. A functional budgets relates to which of the following _______________.
    A. sales. B. production. C. research & development. D. all the above.

19. If the opening stock of raw materials is 40,000 material purchased is Rs 2, 00,000, carriage inward is 2,000 and closing stock of raw materials is 60,000. What are raw materials consumed?
    A. 1, 80,000. B. 1, 82,000 C. 20,000. D. 1, 78,000.

20. Budgetary control involves comparison of budgets with________________.
    A. actual. B. tangibles. C. budgets. D. nominal.

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