

**BACHELOR OF BUSINESS ADMINISTRATION
FOURTH SEMESTER
COST AND MANAGEMENT ACCOUNTING
BBA – 401**

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. Warehouse rent is a part of.....
 - a. Prime cost
 - b. Factory cost
 - c. Distribution cost
 - d. Production cost
2. Depreciation of plant and machinery is a part of.....
 - a. Factory overhead
 - b. Selling overhead
 - c. Distribution overhead
 - d. Administration overhead
3. Margin of Safety is the difference between.....
 - a. Planned sales and planned profit
 - b. Actual sales and break-even sales
 - c. Planned sales and actual sales
 - d. Planned sales and planned expenses
4. An increase in selling price.....
 - a. Increases the break-even point
 - b. Decreases the break-even point
 - c. Does not affect the break-even point
 - d. Optimize the break-even point
5. The budget which reviews a programme or project from 'scratch' is.....
 - a. Master budget
 - b. Flexible budget
 - c. Zero based budgeting
 - d. Fixed budget
6. The entire process of preparing the budgets is known as.....
 - a. Planning
 - b. Organizing
 - c. Budgeting
 - d. Controlling
7. 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
8. Under marginal costing stock are valued at.....
 - a. Fixed cost
 - b. Semi-variable cost
 - c. Variable cost
 - d. Market price
9. What are the primary advantages of standard costing?
 - a. Provides a benchmark for evaluating performance and controlling costs
 - b. Simplifies the accounting process and reduces paperwork
 - c. Eliminates the need for budgeting and forecasting
 - d. Reduces the need for cost control measures

10. Which variance indicates the difference between actual and standard direct material costs?
- | | |
|----------------------------|------------------------------|
| a. Material price variance | b. Material usage variance |
| c. Labor rate variance | d. Labor efficiency variance |
11. Basic objective of cost accounting is.....
- | | |
|--------------------|-----------------------|
| a. Financial audit | b. Cost ascertainment |
| c. Tax compliance | d. Profit analysis |
12. Overhead cost is the total of.....
- | | |
|------------------------------|-----------------------|
| a. All indirect costs | b. All direct costs |
| c. Indirect and direct costs | d. All specific costs |
13. Cost accounting was developed because of the.....
- | | |
|---|---|
| a. Limitations of the financial accounting | b. Limitations of the management accounting |
| c. Limitations of the human resource accounting | d. Limitations of the double entry accounting |
14. 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 |
15. Warehouse rent is a part of.....
- | | |
|----------------------|--------------------|
| a. Prime cost | b. Factory cost |
| c. Distribution cost | d. Production cost |
16. 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 |
17. Indirect material used in production is classified as.....
- | | |
|--------------------------|------------------------|
| a. Office overhead | b. Selling overhead |
| c. Distribution overhead | d. Production overhead |
18. Cost classification can be done in
- | | |
|--------------|-----------------|
| a. Two ways | b. Three ways |
| c. Four ways | d. Several ways |
19. A profit centre is a centre.....
- | | |
|--|---|
| a. Where the manager has the responsibility of generating and maximising profits | b. Which is concerned with earning an adequate Return on Investment |
| c. Both of the above | d. Which manages cost |
20. Element/s of Cost of a product are:
- | | |
|------------------|----------------------------------|
| a. Material only | b. Labour only |
| c. Expenses only | d. Material, Labour and expenses |

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Define Costing. Differentiate between cost accounting and financial accounting. 2+8=10
2. From the following particulars, prepare a cost sheet for the period ending 31st March, 2024 10

Particulars		Rs
Raw materials on	1.1.23	85,000
Raw materials on	31.12.23	96,500
Purchase of raw-materials		70,000
Direct Labour		50,000
Indirect Labour		2,500
Sales		2,20,000
Work-in Progress on	1.1.23	28,000
Work-in Progress on	31.12.23	36,000
Stock of finished goods	1.1.23	60,000
Stock of finished goods	31.12.23	32,000
Salesman's commission		6,500
Factory rent		15,000
Expenses on purchases		1,500
Depreciation on machinery		4,000
Carriage outward		2,500
Advertisement		3,500
Office rent		2,500

3. From the following information calculate:

- (i) Contribution
(ii) P/V Ratio
(iii) Break Even Point (in units)
(iv) Break Even Point (in rupees)
(v) Margin of Safety
- | | |
|------------------------------------|--------------|
| Present sales (at Rs. 10 per unit) | Rs. 1,00,000 |
| Fixed Cost | Rs. 30,000 |
| Variable Cost Per Unit | Rs. 6 |

4. What is overhead? Discuss in detail the classification of overhead. 2+8=10
5. What is Marginal Costing? Discuss the role of Marginal costing in managerial decision-making process. 2+4+4=10

6. Amit Company has four departments A, B, C, D. The actual cost for the period is given below. Apportion the cost to the various departments by the most equitable method.

Particulars	Rs.
Rent	2000
Repairs	1200
Depreciation	900
Light	200
Supervision	3000
Employers' liability insurance	300
Insurance	1000
Power	1800

The following data are also available in respect of the four departments:

Basis	A	B	C	D
Area (Square ft.)	150	110	90	50
No. of workers	24	16	12	8
Total Wages (in Rs)	8000	6000	4000	2000
Value of Plant (in Rs)	24000	18000	12000	6000
Value of Stock (in Rs)	15,000	9,000	6,000	---

7. XYZ manufacturing concern which has adopted standard costing, furnished the following information:

Particulars	Standard	Actual
Quantity (kg)	40	48
Rate per Kg	10	12

Calculate:

- Material Cost Variance
 - Material Price Variance
 - Material Usage Variance
8. Define Budget. Mention the essential elements of a budget. Write any three differences between fixed budget and flexible budget. 2+5+3=10

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