

Roll No.

Total No. of Pages : 2

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BBA (Sem.-3<sup>rd</sup>)

**COST AND MANAGEMENT ACCOUNTING**

Subject Code : BB-303 (2007 to 2011 Batch)

Paper ID : [C0215]

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTION TO CANDIDATES :**

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students has to attempt any FOUR questions.

**SECTION-A**

**I. Write briefly :**

- a) What is Indirect Labour? Give an example.
- b) What is Re-ordering Level?
- c) Write two limitations of Time rate System.
- d) Explain P/V ratio.
- e) How would you calculate labour rate variance?
- f) What is Flexible budgeting?
- g) Write two items that may appear in Cost Accounts and not in Financial Accounts.
- h) What are components of Prime Cost?
- i) What is the objective of preparing Funds Flow Statement?
- j) What is machine hour rate?

**SECTION-B**

2. Distinguish between allocation, apportionment and absorption of overheads. Discuss the methods of apportionment of factory overheads.

3. Differentiate between Cost Accounting and Financial Accounting. Discuss the advantages and disadvantages of Cost Accounting.
4. Why should an organisation prepare Cash Flow Statement? Discuss the format of its preparation as per the requirement of the relevant Accounting Standard.
5. Differentiate between Standard Costing and Budgetary Control. Discuss the objectives and significance of calculating various material variances.
6. Mr Mohan has Rs. 2,00,000 investments in his business. He wants a 15% return from his investments. From the analysis of recent cost figures, he finds that his variable operating cost is 60% of sales and his fixed costs are Rs. 80,000 per year. Show computations to answer the following questions:
  - I. What sales volume must be obtained to break-even?
  - II. What sales volume must be obtained to get 15% return on the investment?
  - III. Mr Mohan estimates that even if he closed the doors of his business, he would incur Rs. 25,000 as expenses per year. At what sales would he be better off by locking his business up?
7. Mohit Ltd. furnishes the following information in relation to the production of 2000 units of a product for the year 2010:

	Rs.
Direct material	2,00,000
Direct labour	1,50,000
Indirect wages (50% fixed)	40,000
Consumable stores (70% variable )	30,000
Office rent (100% fixed )	60,000
Selling expenses (40% variable )	80,000

It is estimated that the production will be increased by 50% in the year 2011. The price of materials and labour will go up by 10% and 20% respectively. You are required to compute the selling price per unit for the product for the year 2011, if the company wishes to maintain a profit of 10% on cost.