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BBA (Sem. - 3rd)

COST AND MANAGEMENT ACCOUNTING

SUBJECT CODE : BB - 303

Paper ID : [C0215]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours   **Maximum Marks : 60**

Instruction to Candidates:

1) Section - A is **Compulsory**.
2) Attempt any **Four** questions from Section - B.

Section - A

Q1) *(10 × 2 = 20)*

a) What is indirect material? Give an example.

b) What is Economic order Quantity?

c) Write two limitations of Piece Rate System.

d) Explain margin of safety.

e) How would you calculate material usage variance?

f) What is Fixed Budgeting?

g) What is standard costing?

h) Define Cost centres.

i) Differentiate between Costing and Cost Accounting.

j) What are semi-variable costs? Give two examples.

Section - B

(4 × 10 = 40)

Q2) What are the objectives of cost Accounting? Discuss the procedure of installation of a costing system in an organisation.

Q3) What are the objectives of material control? Discuss various methods of material control.

Q4) Why is it necessary to reconcile the profits as shown by the Cost and Financial Accounts? Explain the reasons for the difference in profits shown by the two set of accounts.

Q5) Differentiate between a budget, budgeting and budgetary control. Discuss various pre-requisites of implementing a budgetary control system in an organisation.

Q6) A company produces 24,000 units. The cost sheet gives the following information:

	Rs.
Direct material	1,20,000
Direct wages	84,000
Variable overheads	48,000
Semi-variable overheads	28,000
Fixed overheads	80,000
Total cost	3,60,000

The product is sold at Rs. 20 per unit.

The management proposes to increase the production by 3,000 units for sale in the foreign market. It is estimated that the semi-variable overheads will increase by Rs. 1,000. But the product will be sold at Rs 14 per unit in the foreign market. How ever no additional capital expenditure will be incurred. The management seeks your advice as a cost accountant. What will be your advice to the management of the company?

Q7) A company has furnished the following information in relation to the production of 1,000 units of compact discs manufactured by it during 2010:

	Rs.
Cost of materials	1,00,000
Direct wages	70,000
Cost of power and consumable stores (20% fixed)	15,000
Factory indirect wages (40% fixed)	20,000
Cost of lighting in the factory (fixed)	10,000
Office expenses (fixed)	30,000
Selling expenses (70% variable)	50,000
Depreciation of plant under straight line method	10,000

The entire output was sold at Rs. 350 per unit.

For the year 2011, it is estimated that the production will be increased by 50% by utilising the spare capacity and the rates for materials and direct wages will increase by 10% and 20% respectively.

Prepare Cost sheet for the year 2010 showing the cost per unit and a statement showing estimated cost and profit for the year 2011, assuming that all the goods produced would be sold at a price of Rs. 340 per unit.