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Paper Code : 21229

F-229

B.B.A. (Fifth Semester) Examination, 2018

(New Course)

Paper-BBA-N-504

COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours]

[Maximum Marks : 70

Note :- Attempt any *five* questions, selecting *one* question from each Unit. All questions carry equal marks.

Unit-I

1. What is Cost Accounting ? "Cost Accounting system is neither unnecessary, nor expensive, rather it is a profitable investment." Comment.

Or

2. (a) Are all fixed costs sunk costs ? Explain.
(b) What are opportunity costs ? Are opportunity costs relevant in decision-making ? Explain with examples.

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(1)

Turn Over

Unit-II

3. (a) What do you understand by 'Material Control' ? What are the essentials of an efficient material control system ?
(b) Medical Aids Co. manufactures a special product A. The following particulars were collected for the year 2015 : <http://www.mjpruonline.com>
Cost of Placing an order Rs. 100
Annual carrying cost
per unit Rs. 15
Normal usage 50 units per week
Minimum usage 25 units per week
Maximum usage 75 units per week
Re-order period 4 to 6 weeks

Calculate :

- (a) Re-order quantity :
(b) Re-order level;
(c) Minimum Level;
(d) Maximum level

(Note : Weeks in a year 52).

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(2)

Or

4. (a) Distinguish between 'allocation and apportionment' of overheads.
- (b) During one week the workman Y manufactured 200 articles. He receives wages for a guaranteed 44 hours week at the rate of Rs. 1.5 per hour. The estimated time to produce one article is 15 minutes and under incentive scheme the time allowed is increased by 20%. Calculate his gross wages under each of the following methods of remuneration :
- Rowan premium bonus
 - Halsey premium bonus (assuring 40% to workman).

Unit-III

5. (a) What are the elements of cost ? Explain in detail.
- (b) From the following information for the month of January, prepare a cost sheet to show the following components :
- Prime Cost
 - Factory Cost

(iii) Cost of Production

(iv) Total Cost.

http://www.mjpruonline.com	Rs.
Direct material	57,000
Direct wages	28,500
Factory rent and rates	2,500
Office rent and rates	500
Plant repairs and maintenance	1,000
Plant depreciation	1,250
Factory heating and lighting	400
Factory manager's salary	2,000
Office salaries	1,600
Director's remuneration	1,500
Telephone and postage	200
Printing and stationery	100
Legal charges	150
Advertisement	1,500
Salesmen's salaries	2,500
Showroom rent	500
Sales	1,16,000

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(3)

Turn Over

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(4)

Or

6. ABC Transport Company has given a route 40 kilometers long to run bus. The bus costs the company a sum of Rs. 1,00,000. It has been insured at 3% p.a. and the annual tax will amount to Rs. 2,000. Garage rent is Rs. 200 per month. Annual repairs will be Rs. 2,000 and the bus is likely to last for 5 years. The driver's salary will be Rs. 300 per month and the conductor's salary will be Rs. 200 per month in addition to 10% of takings as commission [To be shared by the driver and conductor equally]. Cost of stationery will be Rs. 100 per month. Manager-cum-accountant's salary is Rs. 700 per month. Petrol and oil will be Rs. 50 per 100 kilometers. The bus will make 3 up and down trips carrying on an average 40 passengers on each trip. Assuming 15% profit on takings, calculate the bus fare to be charged from each passenger. The bus will run on an average 25 days in month.

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(5)

Turn Over

Unit-IV

7. (a) Describe the general features of process costing. 3
(b) A product passes through two processes A and B. Prepare the process accounts from the following details : http://www.mjpruonline.com

Particulars	Process A	Process B
10,000 units introduced at a cost Rs.	20,000	—
Materials consumed Rs.	24,000	12,000
Direct labor Rs.	28,000	16,000
Manufacturing expenses Rs.	8,000	8,566
Normal wastages on input	5%	10%
Scrap value of normal wastage Rs. per 100 units	40	50
Output [units]	9,400	8,500

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(6)

Or

8. (a) What is contract costing ? Comment on the method of ascertaining profits in the following type of contract :

- (i) When contract is completed.
- (ii) When contract is incomplete.
- (iii) When contract is near completion.

(b) What are the main features of job order costing ? Give a pro forma cost sheet under this cost system.

Unit-V

9. (a) Define Management Accounting. Briefly explain the objectives, nature and scope of management accounting.

(b) Compare and contrast Management Accounting with Cost and Financial Accounting.

Or

10. (a) Define Marginal costing. Differentiate Marginal Costing with Absorption Costing.

(b) A radio manufacturing company finds that while it cost Rs. 6.25 to make a component, the same is available at market for Rs. 5.75 per unit with an assurance of continued supply. The break-even cost per unit is as follows :

	Rs.
Material	2.75
Labour	1.75
Variable Expenses	0.50
Fixed Expenses	1.25
Total	6.25

Should you make buy ? Give reason. What would be your decision if the supplier offered the component at Rs. 4.85 per unit ?

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