

Roll No.

BBA-504(N)

**B. B. A. (Fifth Semester)
EXAMINATION, Dec., 2013**

(New Course)

Paper Fourth

COST AND MANAGEMENT ACCOUNTING

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt all questions. All questions carry equal marks.

1. "Cost Accounting is an indispensable tool of modern management." Discuss this statement and explain the objectives and advantages of Cost Accounting.
2. Define maximum stock level, minimum stock level, ordering level, average stock level, danger level and economic order quantity. How are these calculated ?

Or

In an Engineering works the standard time for a job is 16 hours and the basic wage is ₹ 40 per hour. A bonus scheme is instituted so that the worker is to receive normal rate for hours actually worked and for half the hours saved. Materials for the job cost ₹ 800 and the factory overhead is charged on a basis of ₹ 80 per labour hour.

Calculate wages and effective rate of earning per hour if the job is completed (a) in 12 hours and (b) in 14 hours.

Also ascertain factory cost of the job on the same basis.

Or

In a Light Engineering Factory, the following particulars have been collected for the three months ending 31st Dec, 2012. You are required to prepare an Overhead Distribution Summary :

	Production Departments				Service Departments	
	A	B	C	D	E	
Direct Wages	₹ 2,000	3,000	4,000	1,000	2,000	
Direct Materials	₹ 1,000	2,000	2,000	1,500	1,500	
Staff	Nos. 100	150	150	50	50	
Electricity	kWh 4,000	3,000	2,000	1,000	1,000	
Light Points	Nos. 10	16	4	6	4	
Assets Values	₹ 60,000	40,000	30,000	10,000	10,000	
Area occupied	Sq. Yd. 150	250	50	50	50	

The expenses for the period were :

Motive Power	550
Lighting Power	100
Stores Overheads	400
Amenities to Staff	1,500
Depreciation	15,000
Repairs and Maintenance	3,000
General Overheads	6,000
Rent and Taxes	275

Apportion the cost of service department 'E' on the basis of direct wages and that of department 'D' in the ratio of

5 : 3 : 2 to production departments 'A', 'B' and 'C' respectively.

3. What are the elements of cost ? Give pro forma of cost sheet.

Or

The books and records of M/s. Anand Manufacturing Company Ltd. present the following data for the month of August, 2013 :

Direct Labour Cost : ₹ 1,60,000 (160% of factory overheads)

Cost of goods sold : ₹ 5,60,000

Inventory accounts showed these opening and closing balances :

	August 1	August 31
Raw Materials	80,000	86,000
Work-in-Progress	80,000	1,20,000
Finished Goods	1,40,000	1,80,000

Other Data :

Selling Expenses	34,000
General and Administration Expenses	26,000
Sales for the month	75,000

You are required to prepare a statement showing cost of goods manufactured and sold and profit earned.

4. What is Management Accounting ? Discuss the scope and advantages of management accounting.

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Or

The following data relate to the manufacture of a standard product during the month of October, 2013 :

	₹
Raw Materials Consumed	80,000
Direct Wages	48,000
Fixed Factory Overheads	24,000
Variable Factory Overheads	8,000
Fixed Office and Administration Overheads	8,000
Variable Office and Administration Overheads	8,000
Fixed Selling and Distribution Overheads	3,600
Variable Selling and Distribution Overheads	1,800
Units Produced	4800 units
Units sold 3600 units @ ₹ 50 each.	

You are required to prepare the following for the month ended 31st October, 2013 :

- (i) Statement of cost and profit under Absorption Costing Method.
 - (ii) Statement of cost and profit under Marginal Costing Method.
5. What do you mean by marginal cost and marginal costing ? Explain the advantages of marginal costing system.

Or

The following information are given to you relating to a manufacturing company for the year ended 31st March, 2013 :

Sales (10000 units @ ₹ 100 per unit)
 Variable Costs of Sales @ ₹ 60 per unit
 Total cost of Sales ₹ 8,00,000.

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You are required to calculate the following :

- (i) Total contribution.
- (ii) Contribution per unit.
- (iii) Profit volume ratio.
- (iv) Fixed costs.
- (v) Break-even point in units and in ₹.
- (vi) Margin of safety in units and in ₹.
- (vii) Sales volume in units and in ₹ to earn a profit of ₹ 2,80,000.
- (viii) Profit when sales are 12000 units and ₹ 14,00,000.

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2,000

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