

**B.B.A. Part-II Examination**  
**204 : COST ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** (1) Solve **ALL** questions.

(2) Figures to the right indicate marks.

1. (A) Explain the element of cost. 4
- (B) What is the scope of cost accounting ? 4
- (C) What is meant by overhead ? 4
- (D) Prepare a store ledger from the following information as per LIFO method for March 2005.

**Receipt :**

March 1 300 units @ Rs. 2 per unit

March 4 250 units @ Rs. 3 per unit

March 20 560 units @ Rs. 2.50 per unit.

**Issues :**

March 3 125 units

March 16 175 units

March 22 90 units.

On March 24, 10 units issued on March 16 were returned by the department to the stores and on 31<sup>st</sup> March a difference of 14 units was found as per Physical Verification. 4

**OR**

- (E) Define direct expenses and give examples. 4
  - (F) Determine the advantages of Cost Accounting. 4
  - (G) Explain the objects of material control. 4
  - (H) Explain the methods of Inventory valuation. 4
2. From the following figures, relating to the last 4 months prepare a cost sheet and the cost per unit.

Total production (in meters) 2,00,000.

	Rs.
Cost of raw materials	2,00,000
Direct labour in factory	2,50,000
Indirect labour	50,000
Expenses on storage	10,000
Office Expenses (Direct)	50,000
Selling Expenses	30,000

Misc. Expenses (like packing)	20,000
Fees of Directors	10,000
Fees of the Managing Director (for four months)	15,000

It is to be noted that the depreciation on plant and machines amount to Rs. 1,20,000 per year and a profit margin of 20% is kept on Sales. 16

### OR

A company produces a product through three processes; in each process 2% of total input is lost and 10% is scrap which from process 1 and 2 realises Rs. 100 per ton, from process 3 Rs. 20 per ton. The details are as below :

	Process		
	1	2	3
Passed on to next process	75%	50%	—
Sent to warehouse	25%	50%	100%

#### Expenses :

Raw materials (Rs.)	1,20,000	28,000	1,07,840
Raw materials quantity (tons)	1,000	140	1,348
Manufacturing wages (Rs.)	20,500	18,520	15,000
General Expenses	10,300	7,240	3,100

Prepare Process Accounts & ascertain cost per ton. 16

3. Find out from the following :

- |                             |   |
|-----------------------------|---|
| (A) Material cost variance  | 4 |
| (B) Material price variance | 4 |
| (C) Material usage variance | 4 |
| (D) Material mix variance   | 4 |

	Standard			Actual		
	Qty. kg.	Price Rs.	Value Rs.	Qty. kg.	Price Rs.	Value Rs.
Material A	100	2	200	90	2.20	198
Material B	50	5	250	60	4.50	270
	150		450	150		468

### OR

- |  |   |
|--|---|
| (E) What is standard costing ?                         | 4 |
| (F) Explain the different types of variance.           | 4 |
| (G) What are the important uses of variance analysis ? | 4 |
| (H) How are standard cost determined ?                 | 4 |

4. (A) Jayco Ltd. has two factories — main and feeder. Main factory is run at 70% capacity (installed capacity is 1,20,000 units) and feeder factory supplies its requirements by working at 80% capacity. The cost structure of feeder factory is given below :

	Rs.
Materials	1,68,000
Wages (50 paise per unit plus fixed D.A.)	60,000
Overheads :	
Fixed	75,000
Variable	42,000
	<u>3,45,000</u>

The production of main factory is to be raised to 80% capacity. The component can be bought from the market at rs. 3.50 per unit. As cost of feeder factory exceeds Rs. 4 per unit, it is proposed to procure the additional requirements from the market instead of having them from the feeder factory.

- (B) What is contribution ? Explain. 4
- (C) Explain decision making in CVP analysis. 4
- (D) What are the limitations of absorption costing ? 4

**OR**

- (E) Write the advantages of Variable costing. 4
- (F) State the difference between Marginal costing and Absorption costing. 4
- (G) What are the objectives of Absorption costing ? 4
- (H) Discuss the nature of decision making. 4
5. Calculate from the following data :
- (i) P/V Ratio
- (ii) Profit when sale was Rs. 50,000.
- (iii) New BEP when selling price is reduced by 20%
- (iv) Sale in Rs. to earn a profit of Rs. 10,000 after reducing selling price by 20%. Fixed was Rs. 10,000 and BEP Rs. 25,000. 16

**OR**

Given the following data :

Fixed cost Rs. 10,000

Selling price per unit Rs. 10

Variable cost per unit Rs. 6

Show the impact on BEP if :

- (i) Fixed cost increases by Rs. 20,000.
- (ii) Fixed cost decreases by Rs. 6,000
- (iii) Variable cost increases by 25%
- (iv) Fixed cost increases by 40% and variable cost decreases by 50%. 16