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BBA-504 (N)**B.B.A. (Fifth Semester)****Special EXAMINATION, March-2021****New Course****Paper Fourth****COST AND MANAGEMENT ACCOUNTING****Time : Three Hours]****[Maximum Marks : 70****Note:** Attempt questions from all Sections as directed.**Inst.:** The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.**Section-A****(Short Answer Type Questions)****Note:** All questions are Compulsory. Each question carries 3 marks.

1. (a) Explain the term Costing Cost Accounting and Cost accountancy.
- (b) A consignment consisted of two chemicals A and B. The invoice gave the following data.

Chemical A 4000 kg @ 2.50 per kg	Rs. 10,000
Chemical B 3200 kg @ 3.25 per kg	Rs. 10,400
Sales tax	Rs. 816
Railway Freight	Rs. 384
Total	Rs. 21,600

A shortage of 200 kg in A and 128 kg in B was found due to breakages. What is the stock rate you would adopt for pricing issue assuming a provision of 5% towards further deterioration.

- (c) There were 4,000 workers in a factory in the beginning of the year. New entrants in service during the year were 200 and leavers were 100. Find the Labour turnover rate by replacement method.
- (d) State the necessity of apportionment of overheads.
- (e) Explain the different components of total cost.

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- (f) From the Following data determine value of raw materials consumed-

	Rs.
Opening stock of raw material	5,000
Closing stock of raw material	10,000
Purchase of raw material	60,000
Freight on purchase of raw material	500
Paid octroi duty on purchase	100
Cost of material sold	2,000
Sale of waste materials	2,400
Direct exp. on materials	1,000
Abnormal wastage of material	200

- (g) How does cost sheet differ from cost statement.

- (h) Calculate the amount of sale if-

	Rs.
Closing stock finished goods	2,00,000
opening stock finished goods	1,40,000
Cost of production	9,60,000
Selling Exp.	90,000
Profit 20% on sales	

- (i) The cost price of a tender is Rs. 5,00,000. What will be the tender price if the profit is added 20% on tender price? What will be the difference on tender price, if the profit is to be added 20% on cost price.
- (j) In two periods total cost amount to Rs. 40,000

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and Rs. 50,000 against production of 15,000 units and 20,000 units respectively. How much is marginal cost per unit and how much is fixed cost?

Section-B

(Long Answer Type Questions)

Note: Attempt any Two questions. Each question carries 10 marks.

2. Messrs Hindustan Traders manufactures three types of fans-table fan, ceiling fan and cooler. The materials and wages costs are as under:

	Materials Rs.	Wages Rs.
Table Fan	60	80
Ceiling Fan	100	100
Cooler	900	250

His total factory overheads for the month of August, 2010 was Rs. 1,00,000. You are asked to determine the factory cost of each type of fan assuming that one ceiling fan is equivalent to two table fans and one cooler is equivalent to five table fans for the purpose of overheads allocation. The production in the month of August, 2010 was 1,000 tables fan, 500 ceiling fans and 100 coolers.

3. From the following information work out the Machine hour Rate of a Saw Mill:

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	Rs.
(i) Purchase of the Saw Machine	90,000
(ii) Railway freight and Carriage	6,000
(iii) Machine Installation Charges	4,000
(iv) Life of Machine -10 years at 2,000 working hours per year	
(v) Repair charges-50% of Depreciation	
(vi) Consumption of Electric power-10 units per hour @ Rs. 2 per unit	
(vii) Lubricating Oil @ Rs. 4 per day of 8 hours	
(viii) Consumable stores @ Rs. 20 per day of 8 hours.	
(ix) Wages of Machine operator @ Rs. 40 per day of 8 hours.	

4. Prepare stores ledger account as per FIFO method from the following data:

Receipt of Materials		Cost Rate	Material Issued	
Date	Units	Rs. Per unit	Date	Units
Apr. 1, 2010	Opening Balance 1,000	5	Apr. 4, 2010	3,000
Apr. 3, 2010	5,000	6	Apr. 6, 2010	2,000
Apr. 12, 2010	3,000	5	Apr. 15, 2010	1,500

The Weekly stock taking on Apr. 7, 2010 showed on shortage of 150 units.

5. Explain the meaning of the following-
- (1) Shut-down cost
 - (2) Replacement cost
 - (3) Sunk cost
 - (4) Opportunity cost
 - (5) Imputed cost

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Section-C
(Long Answer Type Questions)

Note : Attempt any Two questions. Each question carries 10 marks.

6. Pratibha Ltd. Manufactures one product. The informations relating to cost of product are as follows

	Rs.
Total Fixed cost	10,000
Variable Cost p.u.	Rs. 2
Selling Price p.u.	Rs. 5
Normal Capacity	10,000 units per annum

Production and Sales data for past three years are as follows:

Year	Production (units)	Sales (units)	Sales (Rs.)
2005	8,000	5,000	25,000
2006	4,000	5,000	25,000
2007	10,000	5,000	25,000

Finished goods at the start of 2005 were 1,000 units valued at Rs. 3,000 (Rs. 2,000 variable +Rs. 1000 Fixed). You are required to prepare income statements under (i) Absorption Costing and (ii) Marginal Costing.

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7. What do you mean by marginal costing? State its usefulness as a tool for corporate decision.
8. A Company manufactures a single product 'X' and the operating data for January 2005 are as follows:

Product	Cost (per unit)
	Rs.
Material	50
Direct Labour	25
Variable Factory Overhead	20
Fixed Factory Overhead	<u>60</u>
Total Factory Cost per unit	<u>155</u>
Production	7,000 units
Sales	5,000 units
Selling price per unit	Rs. 220
Selling and distribution Exp.	Rs. 80,000
Administration Expenses	Rs. 1,20,000

Prepare income Statement for the month on the basis of Absorption costing.

9. An analysis of the time card of a worker on a machine shows that of the total 48 hours he worked 45 hours (including 5 hours overtime) on production and that 3 hours was idle time due to machine breakdown. The rate of

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worker is Rs. 2 per hour but overtime is paid 50% extra. Allocate the total wages paid to the worker between direct and indirect labour indicating reasons therefore.

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