

**3/H-65 (vii) (Syllabus-2015)**

**2022**

( November )

**BUSINESS ADMINISTRATION**

( Honours )

( BBAC-301 )

( **Cost and Management Accounting** )

*Marks : 75*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

**UNIT—I**

1. (a) "Cost Accounting is an aid to management." Discuss this statement. 6
- (b) Explain the meaning and significance of each of the following types of costs (any three) :  $3 \times 3 = 9$
- (i) Marginal cost
  - (ii) Opportunity cost
  - (iii) Controllable cost
  - (iv) Out of pocket cost

( 2 )

Or

From the following information, prepare cost sheet and find out the amount of profit :

	1.4.2021	31.3.2022
	(₹)	(₹)
Raw Material	1,00,000	1,23,500
Work-in-Progress	31,000	34,500
Finished Goods	71,500	42,000

Transactions during the year :

	(₹)
Purchase of Raw Materials	88,000
Direct Wages	70,000
Works Expenses	39,500
Administration Expenses	13,000
Sale of factory scraps	2,000
Selling and Distribution Expenses	15,000
Sales	2,84,000

### UNIT—II

2. (a) The components A and B are used as follows :

Average consumption	: 40 units
Normal usage	: 50 units per week each
Minimum usage	: 25 units per week each
Maximum usage	: 75 units per week each
Reorder quantity	: A—300 units B—500 units
Reorder period	: A—4 to 6 weeks B—2 to 4 weeks
Maximum lead time	
for emergency purchases	: A—1 day B—2 days

( 3 )

Calculate for each component :  $2 \times 5 = 10$

- (i) Reorder level
- (ii) Minimum level
- (iii) Maximum level
- (iv) Average stock level
- (v) Danger level

(b) Explain the concept of ABC analysis as a technique of inventory control. 5

Or

(a) From the following data given by the Personnel Department, calculate the Labour Turnover Rate by applying—

- (i) separation method;
- (ii) replacement method;
- (iii) flux method :  $3 \times 3 = 9$

Number of workers on the payroll :

At the beginning of the month : 900

At the end of the month : 1100

During the month 10 workers left, 40 workers were discharged and 150 workers were recruited. Of these 25 workers are recruited in the vacancies of those leaving, while the rest engaged for an expansion scheme.

( 4 )

(b) Write notes on the following (any two):  
3×2=6

- (i) Bin card
- (ii) FIFO method of valuing material issues
- (iii) Absorption of overheads

**UNIT—III**

3. A building contractor undertook a contract to construct a building for which the following details are supplied (Construction started on April 1, 2021) :

	(₹)
Total contract price	5,00,000
Raw materials supplied	1,00,000
Direct labour cost	60,000
Other expenses	5,000
Plant installed at site (cost)	80,000
Proportionate overhead expenses	20,000
Materials in hand on closing date	2,000
Expenses accrued but not paid	1,000
Work certified	2,50,000
Work not certified	10,000
Cash received from contractee	2,00,000

Prepare a Contract Account of the building for the year ending 31st March, 2022 by transferring a reasonable profit to Profit and Loss Account, after adjusting depreciation on plant @ 20% p.a.

15

( 5 )

Or

A product is produced through two distinct processes : Process—I and Process—II. On completion, it is transferred to finished stock. From the following particulars during the month of December 2021, prepare Process Accounts, Finished Stock Account and Abnormal Loss Account :

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	Process—I	Process—II
Units introduced	10000	9000
Transfer to next process/ finished stock	9000	8250
Normal loss (on inputs)	10%	5%
Realizable value of normal loss (per unit)	₹ 2	₹ 4
Cost incurred :		
Direct Materials	₹ 40,000	—
Direct Labour	₹ 20,000	₹ 20,000
Direct Expenses	₹ 12,000	₹ 8,600
Production overheads (100% of direct labour)		

Assume that there was no opening or closing stocks of raw materials and work-in-progress and scrap were sold for cash.

**UNIT—IV**

4. (a) The following particulars of Exe Pvt. Ltd. are available for two periods :

Year	Turnover (₹)	Profit (₹)
2021	1,50,000	20,000
2022	1,70,000	25,000

( 6 )

You are required to calculate—

- (i) P/V ratio;
- (ii) break-even point;
- (iii) the sales required to earn a profit of ₹ 40,000;
- (iv) margin of safety at a profit of ₹ 50,000;
- (v) variable costs of the two periods.

3+2+2+2+3=12

- (b) What are the types of information disclosed by a break-even chart? 3

Or

- (a) Explain the utility of marginal costing system as a tool of Management Accounting. 5

- (b) The following data relates to a company manufacturing four types of detergent powder :

Product	A (₹'000)	B (₹'000)	C (₹'000)	D (₹'000)
Sales Revenue	825	1,125	300	390
Variable Costs	495	825	150	240
Fixed Costs (Allocated)	150	112	188	165
Profit/(Loss)	180	188	(38)	(15)

( 7 )

It has been suggested that the products C and D should be discontinued from production as both the products are loss making.

On the basis of the above data, should products C and D be discontinued? If product C and D are discontinued, what are the effects on profits? 5+5=10

**UNIT—V**

- 5. (a) What is standard costing? Explain briefly the advantages of standard costing. 2+6=8
- (b) Distinguish between Standard Costing System and Budgetary Control System. 7

Or

The expenses for the production of 5000 units in a factory are given below :

Particulars	Per unit (₹)
Material	50
Labour	20
Variable Overheads	15
Fixed Overheads (₹ 50,000)	10
Administrative Expenses (5% variable)	10
Selling Expenses (20% fixed)	6
Distribution Expenses (10% fixed)	5
Total Cost	116

You are required to prepare a flexible budget for the production of 7000 units and 10000 units.

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