

B.B.A. Part—III (Semester—V) (CGS Pattern) Examination
COST ACCOUNTING
Paper—BBA/501

Time : Three Hours]

[Maximum Marks : 80]

Note :—(1) ALL questions are compulsory.

(2) All questions carry equal marks.

SECTION—A

(Multiple Choice Questions)

1. Cost Unit in a College may be :
(a) Teacher (b) Non-teacher Staff
(c) Student (d) Number of Department
2. The Indirect Expenses is also known as :
(a) Total Cost (b) Overhead
(c) Prime Cost (d) Work Cost
3. _____ costing is also called variable costing.
(a) Marginal (b) Standard
(c) Historical (d) Uniform
4. Following one is the main part of total cost of production :
(a) Labour (b) Materials
(c) Overheads (d) All of the above
5. Time rate at high level is that wage rate which is :
(a) Rate at ordinary level (b) Rate of low level than ordinary level
(c) Rate at high level than ordinary level (d) All of the above
6. The basic of different piece rate system is :
(a) Straight piece rate (b) Several piece rate
(c) None of the above (d) Rowan Plan
7. Piece Rate Wage Payment System can be one of the following types :
(a) Two (b) Three
(c) Four (d) Five

8. Find the value of a tender of a machine for which the total cost is Rs. 2,55,284, profit is 25% on tender price :
- (a) Rs. 13,00,000 (b) Rs. 10,00,000
(c) Rs. 1,31,000 (d) Rs. 3,40,379
9. Overhead Cost is the total of :
- (a) All Indirect Costs (b) All Direct Costs
(c) Indirect and Direct Costs (d) All Specific Costs
10. Tender is an :
- (a) Estimation of Profit (b) Estimation of Cost
(c) Estimation of Selling Price (d) Estimation of Units
11. Factory Overhead can be charged on the basis of :
- (a) Material Cost (b) Labour Cost
(c) Prime Cost (d) Direct Expenses
12. The payment of wages according to the efficiency of the workers is called :
- (a) Incentive Wages (b) Direct Wages
(c) Piece Wages (d) Time Wages
13. Under charge of overhead in Cost Account is a :
- (a) Prime Cost (b) Loss
(c) Cost of Sales (d) Profit or Loss
14. In reconciliation which item is added in Cost Profit ?
- (a) Under valuation of Opening Stock (b) Under Charge Overhead
(c) None of these (d) Over Charge Overhead
15. Share Transfer Fee is an example of :
- (a) Production Overhead (b) Factory Overhead
(c) Selling Overhead (d) None of the above
16. Overhead is identifiable with :
- (a) Cost Centres (b) Cost Unit
(c) None of the above (d) Both (a) and (b)
17. The process account is credited with the sale of value is :
- (a) Scrap (b) Waste
(c) Residue (d) All of the above

18. Process Costing is suitable for :

- | | |
|-----------------------|------------------------|
| (a) Hospitals | (b) Transport firm |
| (c) Oil reefing firms | (d) Brick laying firms |

19. Continuous Costing is also called :

- | | |
|-----------------------|----------------------|
| (a) Operation Costing | (b) Batch Costing |
| (c) Process Costing | (d) Contract Costing |

20. Material loss during production or storage due to evaporation or shrinkage is called :

- | | |
|--------------|-------------------|
| (a) Scrap | (b) Normal loss |
| (c) Spoilage | (d) None of these |

$1 \times 20 = 20$

SECTION—B

1. How Cost Accounting is beneficial to society ?

OR

Explain the meaning and definition of Cost Accounting.

2. Explain the importance of valuing material issue.

OR

Find out the Net Profit as per the Cost Books from the following :

No. of units produced	5,000 units
No. of units sold : 80% of production	
Cost of Production	Rs. 150 per unit
Selling Overheads	Rs. 35 per unit
Selling Price	Rs. 300 per unit

3. The Ram Motor Co. manufacturing 1,500 Bicycles in the year ending 31st December, 2009, the Selling Price being Rs. 2,80,200 and Expenses on Direct Material and Direct Wages were Rs. 2,10,872 and Rs. 1,50,784 respectively. It is expected from 1st January, 2008, rate of material will increase 20% and rate of Direct Wages will increase 10%. Prepare a statement of Prime Cost of 400 bicycles taking into consideration above increase.

OR

Calculate the Tender Value :

Material – Rs. 3,00,000, Wages – Rs. 1,50,000, Factory Overhead 80% on Wages, Office Overhead 40% on Factory Cost. Profit to be earned 20% on Selling Price.

4. Proforma of Reconciliation Statement ?

OR

From the following information prepare Reconciliation Statement :

Particulars	Cost Books	Financial Books
Profit as per Cost Book	60,000	—
Office Overheads	17,540	15,400
Selling Expenses	10,790	8,470
Factory Overheads	1,234	3,475
Income Tax	—	2,450
Interest on Debentures	—	3,050
Share Transfer Fees	—	200
Audit Fees	—	50

5. Prepare Process 'A' Account :

(1) Direct Wages	(Rs.)	6,400
(2) Expenses of Machinery	(Rs.)	3,600
(3) Manufacturing Expenses	(Rs.)	2,000
(4) Raw Material Consumed		24,000
(5) Gross Production	(Unit)	37,000
(6) Scrap (Loss)	(Unit)	1,000

OR

What is meant by Process Costing ?

$4 \times 5 = 20$

SECTION—C

1. Explain the scope and function of Cost Accounting.

OR

Explain the difference between Cost Accounting and Management Accounting.

2. Explain the different methods of Valuation of Inventory.

OR

A Manufacturer produced goods and sold his product per unit Rs. 8.

Particulars	Amount (Rs.)
(1) Stock (1 st October, 2022) :	
(a) Raw Material	10,000
(b) Work-in-Progress	5,600
(c) Finished Goods (14,000 units)	40,200

Particulars	Amount (Rs.)
(2) Purchase of Raw Material	80,000
(3) Wages	20,000
(4) Indirect Labour	2,000
(5) Factory Supervisor Salary	3,000
(6) Administrative Expenses	12,600
(7) Work Rent	400
(8) Stock (31 st October, 2022) :	
(a) Raw Material	6,000
(b) Work-in-Progress	3,800
(c) Finished Goods (4,000 units)	14,000

In October, 2022 factory produced 40,000 units.

Selling Expenses per unit Re. 0.20.

3. Pleasant Limited manufactured and sold 2,000 Cycles in the year ending 31st March, 2008.
The summarized Trading and Profit & Loss A/c is given below :

Trading and Profit & Loss A/c
(For the year ended 31st March, 2018)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost of Material	1,60,000	By Sales	8,00,000
To Direct Wages	2,40,000		
To Manufacturing Cost	1,00,000		
To Gross Profit c/d	3,00,000		
	8,00,000		8,00,000
To Management & Staff Salaries	1,20,000	By Gross Profit b/d	3,00,000
To Rent, Rate and Insurance	20,000		
To Selling Expenses	60,000		
To General Expenses	40,000		
To Net Profit	60,000		
	3,00,000		3,00,000

For the year ended 31st March, 2009 it is estimated that :

- (1) Output and Sales will be 2,400 Cycles.
- (2) Price of Material will rise by 20% on the previous year's level.
- (3) Wages will rise by 5%.
- (4) Manufacturing Cost will rise in proportion to the combined Cost of Materials and Wages.
- (5) Selling Expenses per unit will remain unchanged.
- (6) Other Expenses will remain unaffected by the rise in output.

You are required to submit a statement for the Board of Directors showing the price at which Cycles would be marked so as to show a profit of 10% on selling price.

OR

Explain the meaning, advantages and disadvantages of the following of remunerating labour :

- (i) Time Rated
- (ii) Piece Rate.

4. (1) Net Profit of a Manufacturing Company as per Cost Book Rs. 3,30,600.
- (2) From the following details prepare Reconciliation Statement :

	Cost A/c	Finance A/c
(a) Opening Stock :		
(i) Material	65,200	66,000
(ii) Work-in-Progress	40,000	42,000
(b) Closing Stock :		
(i) Material	72,000	68,800
(ii) Work-in-Progress	32,000	30,400
(iii) Finished Goods	16,000	18,000
(c) Director's Fee paid Rs. 2,000, Interest paid Rs. 1,600, Old Reserve for doubtful debt Rs. 1,000, Transfer Fee Rs. 600, Dividend Received Rs. 400; all these entries recorded in Finance Book.		
(d) Rent charge in Cost Book Rs. 12,000.		
(e) Written-off Preliminary Expenses not recorded in Cost Book Rs. 26,000.		
(f) Overhead Charge in Finance Book Rs. 2,42,400 and in Cost Book Rs. 2,52,400.		

OR

The following information is provided :

Particulars	Amount
(1) Materials	11,264
(2) Wages	20,432

Factory Overhead 100% on Wages and Office Overhead 25% on Works Cost, Sale Value is Rs. 80,440.

In Cost Sheet the Factory Expenses is Rs. 19,840 and Office Expenses is Rs. 13,520.

Prepare Profit and Loss A/c and Reconciliation Statement.

5. Explain the advantages and disadvantages of Process Costing.

OR

From the following prepare Process A/c :

Particulars	Process-I	Process-II	Process-III
(1) Raw Material (Ton)	1,400	160	1,260
(2) Cost Per Ton (Rs.)	10	16	7
(3) Wages and Other Expenses	5,152	3,140	2,898
(4) Transfer to Next Process	66.67%	60.00%	—
(5) Transfer to Warehouse Sales	33.33%	40.00%	100%

In each Process 4% of the total weight put in is lost and 6% is scrap which from Process-I realises Rs. 3 per ton, from Process-II Rs. 5 per ton, from Process-III Rs. 6 per ton.

$$8 \times 5 = 40$$