

Question Paper Code : 1780

BBA (MS) (Semester-II) Examination, 2018

COST ACCOUNTING

[BMS-204]

Time : Three Hours]

[Maximum Marks : 70

Note : Answer **five** questions in all. Question **No.1** is **compulsory**. Besides this, **one** question is to be attempted from each unit.

1. Answer the following questions in brief : [3x10=30]
 - (a) What is standard costing ? Differentiate between standard costing and historical costing.
 - (b) What are the types of responsibility centres ?
 - (c) Define normal and abnormal process losses explaining the possible causes.
 - (d) What do you understand by 'Zero based budgeting' ?
 - (e) Explain the following terms :
 - (i) Cost centre

1780/200

(1)

[P.T.O.]

(ii) Cost unit

- (f) What is variable cost ? How does it differ from fixed cost ?
- (g) Differentiate between service costing and contract costing.
- (h) What are the objectives of cost accounting ?
- (i) Differentiate between cost control and cost reduction.
- (j) State the importance and limitations of flexible budget.

UNIT-I

- 2. "Cost Accounting is a system of foresight like pre-natal care, but Financial Accounting is just a post-mortem examination". Critically examine this statement. [10]
- 3. "Costs may be classified in a variety of ways according to their nature and information needs of the management". Explain this statement illustrating with examples of the classification required for different purposes. [10]

UNIT-II

4. The following extract of costing information relates to commodity 'A' for the year ending 31 December 2017:
[10]

	Amount (Rs.)
Purchase of Raw Material	60,000
Direct Wages	50,000
Rent,Rates, Insurance and works on cost	20,000
Carriage Inwards	1,000
Stock 1 January 2017 :	
Raw Material	10,000
Finished Products -2000 Tons	8,000
Stock 31st December 2017 :	
Raw Material	11,000
Finished Products-4000 Tons	-
Work in Progress- 1 January 2017	2400
31 December 2017	8000
Cost of factory supervision	4,000
Sales of finished products	1,50,000

Advertising, Discount allowed and selling costs Rs. 0.40 per ton sold. 32,000 tons of the commodity were produced during the period. Prepare a production statement to ascertain :

- (a) The cost of the output of the period and the cost per ton of production.
- (b) The net profit.
5. (a) "Job order costing method is a specific order costing method". Explain. [5]
- (b) What are the various methods of costing ? State the industries to which they can be applied. [5]

UNIT-III

6. A product passes through two processes. The output of Process I becomes the input of Process II and the output of Process II is transferred to warehouse. The quantity of raw materials introduced into Process I is 20,000 Kgs at Rs. 10 per kg. The cost and output data for the month under review are as under : [10]

	Process I	Process II
Direct Materials	Rs. 60,000	Rs. 40,000
Direct Labour	Rs. 40,000	Rs. 30,000
Production overheads	Rs. 39,000	Rs. 40,250
Normal loss	8%	5%
Output	Rs. 18,000	17,400
Loss realization of Rs./unit	2.00	3.00

Required : Prepare the process accounts.

7. (a) What is Inter-process profits ? Also explain the justification of charging it. [5]
- (b) Differentiate between Joint product and By-product. [5]

UNIT-IV

8. From the data given below, calculate the material price variance, material usage variance and material mix variance. [10]

	Standard	Actual
A-	40 units @ 50 p.u.	50 units @ 50 p.u.
B-	60 units @ 40 p.u.	60 units @ Rs. 45 p.u.

9. What is Budgetary Control ? Mention its advantages. Also explain the objectives of Budgetary control with special reference to a large manufacturing concern. [10]

----- x -----