

Question Paper Code : 1758

B.B.A. (IB) (Semester-II) Examination, 2018

COST ACCOUNTING

[204]

Time : Three Hours]

[Maximum Marks : 70

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

1. Answer the following questions : [3x10 = 30]
- (a) "Fixed costs are variable per unit, while variable costs are fixed per unit." Comment.
 - (b) What do you mean by the Prime Cost ?
 - (c) Name at least three industries in which each of the following methods would be suitable :
 - (i) Unit costing
 - (ii) Operation costing
 - (d) Explain different elements of cost.

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(1)

[P.T.O.]

- (e) Point out the differences between Historical costing and Standard costing.
- (f) List down any three objectives of budgetary control.
- (g) In what of industries is process costing generally adopted ?
- (h) State any three differences between Financial accounting and Cost accounting.
- (i) Give any six items which appear in financial books but not in cost books.
- (j) Explain in brief the concept of split-off point.

UNIT-I

- 2. "A costing system that simply records costs for the purpose of fixing sale prices has accomplished only a small part of its mission." Discuss. What other functions does costing perform ? [10]
- 3. The following are some of the ways in which costs may be classified : [10]
 - (a) Direct and indirect
 - (b) Variable and fixed

(c) Controllable and uncontrollable

Bring out clearly the significance of each of these classifications and explain the meaning of the terms used therein.

UNIT-II

4. (a) "A job is a small contract and a contract is a big job." Comment. [5]
- (b) 600 kg of material was charged to Process A at the rate of Rs. 4 per kg. The direct labour accounted for Rs. 200 and the other departmental expenses amounted to Rs. 760. The normal loss is 10% of the input and the net production was 500 kg. Assuming that process scrap is saleable at Rs. 2 per kg. Prepare a ledger account of Process A clearly showing the values of normal and abnormal loss. [5]
5. Distinguish between joint products and by-products and explain briefly the methods used for accounting for them. [10]

UNIT-III

6. The profit of a company for the year 2009 is estimated to be Rs. 23,063 as per cost accounts. But the Profit and Loss A/c prepared by auditors disclose a profit of Rs. 16,624. From the following information, prepare Reconciliation statement showing the reasons for the difference : [10]

Profit and Loss A/c

		Rs.		Rs.
To material :			By sales	3,46,500
Opening stock	2,47,179		By misc	316
+ purchases	82154		income	
	3,29,333			
-Closing stock	75121	2,54,212		
To wages		23133		
To factory expenses		20826		
To office expenses		9845		
To selling expenses		22176		
To Net profit		16624		
		3,46,816		3,46,816

Cost accounts disclose : (i) closing balance of stock ledger Rs. 78,197; (ii) Wage abstract shows Rs. 24,867 as payment for wages (iii) Closing credit balances of factory overheads absorption account Rs. 19,714;

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(4)

(iv) Office overheads have been charged @ 3% of sales value; (v) Selling overheads have been charged @ 5% of sales value; (vi) Miscellaneous Income not shown at all.

7. What is the purpose of Reconciling cost and Financial accounts, when both accounts are separately maintained ? State the causes which are responsible for disagreement in profits. [10]

UNIT-IV

8. Explain what is meant by flexible budget and its utility. Prepare a proforma of flexible budget of a manufacturing concern for its imaginary activity level. [10]

9. (a) Standard mix for producing 'X' : [5]

Material A = 10 kg @ Rs. 5.00 per kg

Material B = 15 kg. @ Rs. 10.00 per kg.

Actual mixture being :

Material A = 12 kg @ Rs. 6.00 per kg.

Material B = 13 kg @ Rs. 12.00 per kg.

Find out material cost variances.

- (b) Distinguish between Cost control and Cost reduction. [5]

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(5)