Roll No. | | | | | | | | | | | | **Total No. of Pages : 05**

Total No. of Questions : 09

BBA (2012 & Onwards Batches)
BRDM / Bachelor in Service Industry Management (SIM) (2014 Batch)
(Sem.–3)

COST ACCOUNTING

Subject Code : BBA-303

Paper ID : [C1166]

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV.**
3. **Each Sub-section contains TWO questions each, carrying TEN marks each.**
4. **Student has to attempt any ONE question from each Sub-section.**

SECTION-A

1. Explain briefly :

a) Cost Centre *vs.* Cost Unit.

b) Bin Card.

c) Economic Order Quantity.

d) Cost Accounting *vs.* Financial Accounting.

e) Labour Turnover.

f) Taylor's Differential Piece rate system.

g) Margin of Safety.

h) Zero Base Budgeting.

i) Debt Equity ratio.

j) Objectives of Ratio Analysis.

SECTION-B

UNIT-I

2. "*Cost Accounting is a tool of managerial planning and control*". Explain

3. M/s A.B. Shoes Co. manufacture two types of shoes A and B. Production costs for the year ended 31st March, 2014 were :

Direct Material	Rs. 15, 00,000
Direct Wages	8, 40,000
Production Overhead	3, 60,000
	27, 00,000

There was no work-in-progress at the beginning or at the end of the year.

It is ascertained that :

a) Direct Material in type A shoes consist twice as much as that in type B shoes.

b) The direct wages for type B were 60% of those of type A shoes.

c) Production Overhead was the same per pair of A and B type.

d) Administrative Overhead for each type was 150% of direct wages.

e) Selling cost was Rs.1.50 per pair.

f) Production during the year were : Type A 40,000 pairs of which 36,000 were sold; Type B 1, 20,000 pairs of which 1, 00,000 were sold.

g) Selling price was Rs. 44 for type A and Rs. 28 for type B per pair.

Prepare a statement showing cost and profit.

UNIT-II

4. Star Co. Ltd. has three production departments and two service departments. The actual expenses of the factory for the month of January, 2014 are as follows :

Indirect materials :	**Rs.**	
Production Deptt. 'A'	910	
Production Deptt. 'B'	2,143	
Production Deptt. 'C'	847	
Service Deptt. 'P'	300	
Service Deptt. 'Q'	300	4500
Indirect Wages :		
Production Deptt. 'A'	1,200	
Production Deptt. 'B'	2,000	
Production Deptt. 'C'	1,000	
Service Deptt. 'P'	800	
Service Deptt. 'Q'	1,000	6,000
Rent of the Factory		8,000
Supervision Charges		4,000
Lighting		4,000
Depreciation of Machinery		5,000

The following further details are available :

	Total	**A**	**B**	**C**	**P**	**Q**
Area (sq. ft.)	3,000	600	1,200	500	500	200
Light Points	80	16	40	10	8	6
No. of workers	30	6	12	5	5	2
Value of Machinery (Rs.)	50,000	25,000	16,000	2,000	5,000	2,000
Working Hours		1,000	2,500	1,400		

Expenses of Service Departments P and Q are apportioned as follows :

	A	B	C	P	Q
P	30%	40%	20%	-	10%
Q	10%	20%	50%	20%	-

You are required to work out the production hour rate of recovery of overhead in Departments A, B and C.

5. "*The technique of marginal costing can be a valuable aid to Management*." Discuss.

UNIT-III

6. A Company's Trading and Profit & Loss Account was as follows :

	Dr. **Rs**		**Cr.** **Rs**
To purchases	25,210	By Sales: 50,000 units @ Rs.	75,000
Less: Closing stock	4,080	1.50 each	
	21,130		
To Direct Wages	10,500	By Discount Received	260
To Works Expenses	12,130	By Profit on Sale of Land	2,340
To Selling Expenses	7,100		
To Administration Expenses	5,340		
To Distribution Expenses	1,100		
To Net Profit	20.300		
	77,600		**77,600**

The profit as per Cost Accounts was only Rs. 19,770.

Reconcile the financial and cost profits using the following information :

a) Cost accounts valued closing stock at Rs. 4,280.

b) The works expenses in cost accounts were taken as 100% of direct wages.

c) Selling and administration expenses were charged in the Cost Accounts at 10% of sales and Re.0.10 per unit respectively.

d) Depreciation in Cost Accounts was Rs. 800.

7. Explain the shortcomings of historical costing which are responsible for the emergence of standard costing system and distinguish between standard costing and budgetary control.

UNIT-IV

8. Describe the various ratios that are likely to help the management of a manufacturing unit forming an opinion on the solvency position of business.

9. The following are the comparative balance sheets of XYZ Ltd, as on 31st December 2013 and 2014.

Liabilities	**2013 (Rs.)**	**2014 (Rs.)**	**Assets**	**2013 (Rs.)**	**2014 (Rs.)**
Share Capital			Land	1,00,000	1,50,000
(Shares of Rs.10 each)	3,50,000	3,70,000	Stocks	2,46,000	2,13,500
Profit & Loss A/c	50,400	52,800	Goodwill	50,000	25,000
9% Debentures	60,000	30,000	Cash and Bank	42,000	35,000
Creditors	51,600	59,200	Temporary Investments	3,000	4,000
			Debtors	71,000	84,500
	5,12,000	**5,12,000**		**5,12,000**	**5,12,000**

Other particulars provided :

a) Dividends declared and paid during the year Rs. 17,500

b) Land was revalued during the year at Rs. 1,50,000 and the profit on revaluation transferred to profit and loss account. Prepare a Cash Flow statement for the ended 31-12-2014.