

Exam. Code : 105405  
Subject Code : 1425

**Bachelor in Business Administration (BBA)**

**5<sup>th</sup> Semester**

**BBA-505 : COST ACCOUNTING**

Time Allowed—3 Hours] [Maximum Marks—50

**SECTION—A**

**Note** :— This section consists of 12 very short answer type questions (upto five lines in length). Candidates are required to attempt any 10 questions. Each question carries 1 mark.

1. (a) Cost Accountancy
- (b) Cost Centre
- (c) Objectives of Cost Accounting
- (d) Elements of Cost
- (e) Fixed Cost
- (f) Contract Costing
- (g) Abnormal Loss
- (h) Break Even Point
- (i) Material Price Variance
- (j) Labour Mix Variance
- (k) Budgetary Control
- (l) Contribution. 10×1=10

## SECTION—B

**Note** :— This section consists of 4 essay type/numerical questions (upto five pages in length) ; candidates are required to attempt any **two** questions. Each question carries **10** marks.

2. Tabulate the elements of cost showing the usual items of expenditure pertaining to each.
3. Discuss the procedure followed in accounting for costs under contract costing .
4. A railway contractor makes up his accounts to 31st March. Contract No. SER/15 for the construction of a culvert between Bhilai and Rajpur commenced on 1st July, 2006. The costing records yield the following information at 31st March, 2007.

	Rs.
Materials charged out to site	31,540
Labour	75,300
Foreman's salaries	11,700

A machine costing Rs. 25,000 has been on site for 73 days. Its working life is estimated at five years and its final scrap value at Rs. 1,000.

A supervisor who is paid Rs. 18,000 per annum has spent approximately six months on this contract. All other expenses and administration amount to Rs. 17,000.

Materials in store at site at the end of the year costs Rs. 2,500.

The contract price is Rs. 3,00,000. At the end of the year two-third of the contract was completed for which amount, the architect's certificate has been issued and Rs. 1,60,000 has so far been received on account.

It was decided that the profit made on the contract in the year should be arrived at by deducting the cost of

work certified from the total value of the architect's certificate that 1/3 of the profit so arrived at should be regarded as a provision against contingencies and that such provision should be increased by taking to the credit of Profit and Loss Account only such portion of the 2/3 profit as the cash received bore to the work certified.

Prepare a contract account showing profit or loss to be included in respect of this contract in the financial accounts to 31st March, 2007.

5. Bengal Chemical Co. Ltd. produced three chemicals during the month of July, 2006 by three consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrap which from processes (1) and (2) realises Rs. 100 a ton and from process (3) Rs. 20 a ton. The products of three processes are dealt with as follows :

	Process 1	Process 2	Process 3
Passed on to the next process	75%	50%	—
Sent to warehouse for sale	25%	50%	100%
Expenses incurred :			

	Process 1		Process 2		Process 3	
	Rs.	Tons	Rs.	Tons	Rs.	Tons
Raw Materials	1,20,000	1,000	28,000	140	1,07,840	1,348
Manufacturing wages	20,500	—	18,520	—	15,000	—
General expenses	10,300	—	7,240	—	3,100	—

Prepare Process Cost Accounts showing the cost per ton of each product.  $10 \times 2 = 20$

## SECTION—C

**Note :—** This section consists of 4 essay type/numerical questions (upto five pages in length). Candidates are required to attempt any **two** questions. Each question carries **10** marks.

6. Define the term Budget. Discuss different types of Budget.
7. Explain the term standard costing. What are the advantages and limitations of standard costing ?
8. A company has annual fixed costs of Rs. 14,00,000. In 2008 sales amounted to Rs. 60,00,000 as compared with Rs. 45,00,000 in 2007 and profit in 2008 was Rs. 4,20,000 higher than in 2007 :
- At what level of sales does the company break-even ?
  - Determine profit or loss on a present sales volume of Rs. 80,00,000.
  - If there is reduction in selling price in 2007 by 10% and the company desires to earn the same profit as in 2008, what would be the required sales volume ?
9. From the following data, calculate labour variances :
- The budgeted labour force for producing product A is :
- 20 Semi-skilled workers @ p. 75 per hour for 50 hours
  - 10 Skilled workers @ Rs. 1.25 per hour for 50 hours
- The actual labour force employed for producing A is :
- 22 Semi-skilled workers @ p. 80 per hour for 50 hours.
  - 8 Skilled workers @ Rs. 1.20 per hour for 50 hours.
- $10 \times 2 = 20$