

Roll No. ....

**DD-979**

**Bachelor of Business Administration  
(Second Semester)  
EXAMINATION, May-June, 2020**

**COST ACCOUNTING**

**(109)**

*Time : Three Hours*

*Maximum Marks : 90*

*Minimum Pass Marks : 32*

**Note :** Attempt all the *five* questions. *One* question from each Unit is compulsory. All questions carry equal marks.

**Unit—I**

1. What is Cost Accounting ? What is the scope and its limitations ?

*Or*

Explain Cost, Cost Accounts and Cost Accounting. What are the points to be considered while installing cost system in a big manufacturing unit ?

**Unit—II**

2. Write notes on the following : 3 each
- (i) Pre-production cost
  - (ii) Conversion cost
  - (iii) Opportunity cost

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- (iv) Research and development cost
- (v) Shut-down cost
- (vi) Sunk-cost

Or

- (a) Distinguish between Indirect Expenses and Overheads.
- (b) What do you mean by Prime Cost ?
- (c) Discuss the elements of cost of production.

**Unit—III**

3. From the following details of stores receipts and issues of material of manufacturing unit, prepare the Stock Ledger using 'Weighted Average' method of valuing the issues :

- Nov. 1 Opening stock 2000 units @ ₹ 5.00 each.
  - Nov. 3 Issued 1500 units to production.
  - Nov. 4 Received 4500 units @ ₹ 6.00 each.
  - Nov. 8 Issued 1600 units to production.
  - Nov. 9 Returned to stores 100 units by Production Department.  
(From the issues of Nov. 3).
  - Nov. 16 Received 2400 units @ 6.50 each.
  - Nov. 19 Returned to supplier 200 units out of the quantity received on Nov. 4.
  - Nov. 20 Received 1000 units @ ₹ 7.00 each.
  - Nov. 24 Issued to production 2100 units.
  - Nov. 27 Received 1200 units @ ₹ 7.50 each.
  - Nov. 29 Issued to production 2800 units.
- Use rates upto two decimal places.

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Or

The following annual charges are incurred in respect of a machine where manual labour is almost nil and where the work is done by means of five machines of exactly similar type and specifications :

		₹
1.	Rent and Rates (proportional to the floor space occupied) for the shop	48,000
2.	Depreciation on each machine	5,000
3.	Repairs and maintenance for five machines	10,000
4.	Power (as per metre) @ ₹ 10 per 16 units consumed for the shop	37,500
5.	Electric charges for light in the shop	5,400
6.	Attendants : There are two attendants for the five machines and they are each paid ₹ 600 per month.	
7.	Supervision : For the five machines in the shop there is one supervisor whose emoluments are ₹ 2,500 per month	
8.	Sundry supplies such as Lubricants, Jute and Cotton waste etc. for the shop	4,950
9.	Hire-purchase instalment payable for the machines (including ₹ 3,000 as interest)	12,000
10.	The machine uses 10 units of power per hour.	

Calculate the Machine Hour Rate for the year.

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Unit—IV

4. The contract ledger of a company showed the following expenditure on account of Contract No. 345 at 31st Dec., 2010 :

	₹
Materials	94,000
Plant	12,000
Wages	1,03,000
Establishment Charges	6,700

The contract was commenced in Jan., 2010 and the contract price was ₹ 4,00,000. Cash received on account to date was ₹ 1,72,000 representing 80 percent of the work certified, the remaining 20 percent being retained until completion. The value of materials on hand was ₹ 4,500 and the work finished but not certified was ₹ 4,000.

Prepare an account in respect of the contract showing Profit to date assuming depreciation on plant at 10 percent per annum and state the proportion of profit the company would be justified in taking to credit of the Profit & Loss Account.

Or

Product 'X' is obtained after it passes through three distinct processes. You are required to prepare Process Accounts, Normal Loss Account, Abnormal Loss

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Account and Abnormal Gain Account from the following information :

	Process I (₹)	Process II (₹)	Process III (₹)
Materials	5,200	3,960	5,924
Direct Wages	4,000	6,000	8,000
Production Overheads	4,000	6,000	8,000
1000 units at ₹ 6 per unit were			
Introduced in Process I	6,000	—	—
Output (units)	950	840	750
Normal Loss	5%	10%	15%
Scrap Value (per unit)	₹ 4	₹ 8	₹ 10

Unit—V

5. Calculate from the following data :

- Material price variance
- Material mix variance
- Material usage variance
- Material cost variance

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Material	Standard Price	Standard weight per unit of output lb.	Actual weight for output of 36 units lb	Actual price per lb
A	10	2	72	12
B	2	4	108	2
C	5	3	126	4
		9	306	

Or

Explain the terms Budgetary Control and mention some of its advantages. On what does the success of such control depend ?

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