FD-979

BBA 2nd Semester
Examination, May-June 2022

COST ACCOUNTING

(109)

Time : Three Hours] [*Maximum Marks* : 90
[*Minimum Pass Marks* : 32

Note : Answer **all** questions. All questions carry equal marks.

Unit-I

1. What are the characteristics of an ideal Cost Accounting System ? Discuss.

OR

Explain the objects and benefits of cost accounts. What are its demerits ?

Unit-II

2. What do you understand by the term 'Cost' ? Explain in short the different elements of cost.

OR

"Cost are classified according to the nature of the operations." Set out the classification with a brief description of the operations covered by each heading.

Unit-III

3. What is the idle time and how should it be treated in cost accounts ?

OR

A machine costing ₹ 28,700 excluding installation cost of ₹ 300, has an anticipated life of 10 years with residual value of ₹ 500. It is depreciated on straight line method. From the following particulars, compute machine hour rate on the basis of anticipated working hours.

(*a*) Rent and Rates for the factory is ₹ 6,000 per annum and 10% of the effective area is occupied by this machine.

(*b*) Insurance for this machine is ₹ 450 per annum.

(*c*) Repairs and Maintenance for the whole factory for the year is ₹ 2000; 25% of this amount relates to this machine.

(*d*) Consumable stores etc. attributable to this machine for the whole year is ₹ 110.

(*e*) Total of production services is ₹ 5,000; 20% of this amount is applicable to this machine.

(*f*) Power cost is ₹ 0.50 per working hour.

(*g*) The year contains 250 working days of 8 hours each but it is anticipated that the machine will remain idle 20% of this time.

Unit-IV

4. From the following information ascertain the (*i*) cost of material used, (*ii*) value of cost of goods produced (*iii*) percentage of gross profit on sale and prepare a statement of cost.

Trading Account

Particulars		Amount (₹)	Particulars		Amount (₹)
To Stock :			By Sales		1,20,000
Work-in-Progress	8,000		By Stock :		
Finished Goods	10,000		Work-in-		
Raw Materials	6,000	24,000	Progress	6,000	
To Purchases		35,000	Finished		
To Wages		50,000	Goods	7,500	
To Carriages		2,000	Raw		
To Coal, Gas, Water etc.		7,500	Materials	8,500	22,000
To Gross Profit		23,500			
		1,42,000			1,42,000

OR

The following details relate to Contract No.407 undertaken by Shashank Ltd. in the beginning of 2009 :

	Work certified	Work uncertified
	₹	₹
Materials	1,80,000	20,000
Wages	3,70,000	30,000

Special Plant was purchased for the contract costing ₹ 1,60,000. At the end of the year, it was estimated to be worth ₹ 1,30,000. Overheads other than depreciation amount to 20% of wages. The value of work certified was ₹ 8,40,000 against which the contractor was paid 7,56,000. The total value of the contract was ₹ 16,00,000. Prepare the Contract Account and show the work-in-progress account in the Balance Sheet.

Unit-V

5. From the following particulars compute :

(*a*) Material cost variance

(*b*) Material price variance

(*c*) Material mix variance

Material	Standard Quantity in kg	Standard Price in (₹)	Actual Quantity in kg
X	55	20	60
Y	45	25	40

OR

X Ltd. produces a standard product. The estimated costs per unit are as follows :

Raw Material	₹ 5
Direct Labour	₹ 4
Variable Expenses	₹ 1

The semi-variable costs are : Indirect Materials ₹ 530; Indirect Labour ₹ 350; Maintenance and Repairs ₹ 275.

The variable costs per unit included in semi-variable expenses are : Indirect Materials ₹ 0.06; Indirect Labour ₹ 0.10; Maintenance and Repairs ₹ 0.15.

The Fixed Costs are : Factory ₹ 2,000; Administration ₹ 3,000; Selling and Distribution ₹ 3,000.

The above costs are for 50% normal capacity producing 500 units. The selling price is ₹ 30 per unit.

Prepare flexible budget for 60%, 80% and 100% normal capacities with the help of the above.

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