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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.) (071)
EXAMINATION : MAY - 2025
SEMESTER - IV

Sub. : Cost & Management Accounting (BBA15- 412)

Date : 21/05/2025

Total Marks : 60

Time: 2.00pm to 4.30pm

- Instructions:** 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. What is the main difference between financial accounting and cost accountancy?
 - a) Financial accounting is concerned with compliance, while cost accountancy is concerned with control and decision-making
 - b) Cost accountancy is legally required, while financial accounting is optional
 - c) Financial accounting tracks costs, while cost accountancy tracks income
 - d) Cost accountancy is only applicable to manufacturing businesses
2. Which of the following is an example of indirect expenses?
 - a) Cost of raw materials
 - b) Purchase of Material
 - c) Electricity bill of office
 - d) None of the given
3. department is responsible for procuring materials in an organization?
 - a) Inventory department
 - b) Purchasing department
 - c) Accounts department
 - d) None of the given
4. What is the definition of wages?
 - a) Payment made to suppliers
 - b) Compensation paid to workers
 - c) Incentives given to customers
 - d) a and b both
5. = Direct Material + Direct Labour + Direct Expenses
 - a) Prime Cost
 - b) Works Cost
 - c) Total Cost
 - d) None of the given

Q. 2. State True / False (05)

1. Cost Sheet is a combination of prime cost items and overheads.
 - a) True
 - b) false
2. Fixed Costs are constant in total.
 - a) True
 - b) false
3. FIFO is a simple method for stock recording.
 - a) True
 - b) false
4. Factory Overheads plus office and administration overheads is treated as cost of production
 - a) True
 - b) False
5. Company needs to reduce cost to increase profitability.
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three) (15)

1. Preparation of Cost Sheet
2. Purchase procedure
3. Labour

4. Cost Classification
5. Management Accounting

Q. 4. Answer in detail (Any Two)

(20)

1. A manufacturing company provides the following cost details for the preparation of a cost sheet:

Direct Material ₹50,000	Factory Rent ₹8,000
Direct Labour ₹30,000	Depreciation on Machinery ₹5,000
Direct Expenses ₹10,000	Supervisor's Salary ₹7,000
Consumable Stores ₹5,000	Factory Lighting ₹3,000
Carriage Inward ₹2,000	Power & Fuel ₹4,000
Office Salaries ₹12,000	Sales Commission ₹6,000
Printing & Stationery ₹3,500	Advertisement ₹4,500
Rent & Taxes ₹6,000	Packing Expenses ₹2,000
Postage & Telegrams ₹1,500	Bad Debts ₹1,500
Audit Fees ₹2,000	Delivery Van Expenses ₹3,500
Miscellaneous Expenses ₹1,000	Warehouse Charges ₹2,500
Depreciation on Office Equipment ₹2,500	

The company desires a profit of 25% on cost price. Find the Sales Value.

2. A company uses a particular raw material in its production process. The following details are available:

- Maximum Consumption per week = 500 units
- Average Consumption per week = 300 units
- Minimum Consumption per week = 200 units
- Reorder Period (Lead Time) = 4 to 6 weeks
- Order Quantity = 2,000 units

Using the above information, calculate:

- a) Reorder Level
- b) Maximum Level
- c) Minimum Level
- d) Average Level

3. Explain the importance of material control in inventory management.

Q. 5. A company maintains inventory using the FIFO (First In, First Out) method. The following transactions took place during the month: (15)

Purchases:

1. Jan 1: Purchased 100 units @ ₹10 each
2. Jan 5: Purchased 200 units @ ₹12 each
3. Jan 10: Purchased 150 units @ ₹14 each
4. Jan 15: Purchased 250 units @ ₹15 each

Issues (Sales/Usage):

1. Jan 8: Issued 120 units
2. Jan 12: Issued 130 units
3. Jan 18: Issued 150 units
4. Jan 22: Issued 100 units

Using the FIFO method, prepare the inventory record and find the value of the remaining stock.