

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)(071)/
B.Sc IN BUSINESS ADMINISTRATION(B.Sc.BA) (755)
EXAMINATION: DECEMBER - 2025
SEMESTER - III

Sub.: Cost & Works Accounting (BBA22-313/BBA23-314/BBA24-314/BSBA24-314)

Date :17/12/2025

Total Marks : 60

Time: 2.00 pm 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)

- Which term describes a unit (like a job, batch, or service) for which cost is separately measured?
1. measured?
 - a) Cost centre
 - b) Cost unit
 - c) Cost period
 - d) Cost driver
 2. Which statement best distinguishes cost accounting from financial accounting?
 - a) Cost accounting focuses on internal planning and control; financial accounting focuses on external reporting.
 - b) Cost accounting is compulsory by law; financial accounting is voluntary.
 - c) Cost accounting records only overheads; financial accounting records only direct costs.
 - d) Cost accounting ignores valuation; financial accounting values assets only.
 3. Which of the following is normally treated as a variable cost?
 - a) Rent of factory building
 - b) Insurance premium (annual)
 - c) Direct material consumed
 - d) Depreciation on plant
 4. Which stock level indicates the buffer held to protect against unexpected delays or demand spikes?
 - a) Minimum stock level
 - b) Reorder level
 - c) Safety (buffer) stock level
 - d) Maximum stock level
 5. Under which remuneration system are workers paid according to output produced?
 - a) Time rate
 - b) Piece rate
 - c) Salary with bonus
 - d) Contract wage

Q. 2. State True / False (05)

1. In Simple Cost Unit only one variable is used for costing purpose.
 - a) True
 - b) False
2. Indirect materials are charged to production via factory overheads.
 - a) True
 - b) False
3. Just-in-Time (JIT) inventory systems increase average stock levels.
 - a) True
 - b) False
4. Labour turnover can increase recruiting and training costs for a firm.
 - a) True
 - b) False
5. Taylor's differential piece rate rewards higher productivity with a higher per-piece rate.
 - a) True

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

1. Components of Prime Cost
2. Objectives and responsibilities of the Stores (Inventory) Department.
3. Methods of wage payment and their impact on productivity.
4. Difference between Tender and Quotation
5. Causes and consequences of idle time in production.

Q. 4. Answer in detail (Any Two) (20)

1. Explain the advantages and disadvantages of Centralised Purchase Procedure
2. Discuss how a firm can use material control techniques to minimise wastage and pilferage — include physical, procedural and accounting controls.
3. The following information relates to material for Kumar Industries:
Annual consumption: 18,000 units
Cost per order: ₹ 80
Purchase price per unit: ₹ 25
Carrying cost: 12% p.a. of unit price
Lead time: Minimum 3 days, Maximum 9 days, Average 6 days
Daily consumption: Minimum 40 units, Maximum 80 units, Average 50 units
Calculate:
a) Economic Order Quantity (EOQ)
b) Reorder level (using average lead time)
c) Maximum stock level
d) Minimum stock level
e) Average stock
4. A manufacturing concern, Arjun Ltd., had the following material transactions during June 2025. Prepare a Stores Ledger Account using FIFO (First In First Out) method and show closing balance.
Opening Stock June 1: 80 units @ ₹ 15 per unit
Receipts:
a) June 5: 120 units @ ₹ 17 per unit
b) June 12: 200 units @ ₹ 20 per unit
c) June 20: 100 units @ ₹ 25 per unit
d) June 22 : 150 units @ ₹ 20 per unit
Issues:
a) June 8: Issued 150 units
b) June 15: Issued 140 units
c) June 25: Issued 90 units
d) June 30: Issued 70 units

Q. 5. Sapphire Products manufactures a single item. For the month of July 2025 it produced 1,200 units. The following particulars are available: (15)

Direct materials: ₹ 96,000
Direct wages: ₹ 42,000
Direct expenses: ₹ 6,000
Indirect wages: ₹ 7,200
Factory rent: ₹ 5,000
Power & fuel: ₹ 4,800

Depreciation — machinery: ₹ 3,600
Factory insurance: ₹ 900
Office salaries: ₹ 6,000
Office rent: ₹ 2,400
Stationery & office sundries: ₹ 540
Depreciation — office equipment: ₹ 1,200
Selling expenses (commission): ₹ 6,000
Advertising: ₹ 4,000
Packing: ₹ 1,800
Freight outward: ₹ 2,400

Prepare a Cost Sheet showing:

- a) Prime Cost
- b) Works/Factory Cost
- c) Cost of Production
- d) Cost of Sales
- e) If the company wishes a profit margin of 20% on Cost, calculate the selling price
