



Roll no.....

End Semester Examination, December 2024
BBA, BBA-BIA, BBA-LSCM -3rd Semester
COST AND MANAGEMENT ACCOUNTING (SMMC502A)

Time: **2.5 hrs.**

Max Marks: **50**

Note: *All Questions are compulsory. Marks are indicated against each question.*

PART-A

Q.1 Attempt any five questions from the following:

(a)	Define cost centre with suitable example.	[CO-1] [L-2] 2
(b)	What do you understand by prime cost? Explain.	[CO-1] [L-2] 2
(c)	Identify two key differences between job costing and contract costing.	[CO-1] [L-2] 2
(d)	Define budget, budgeting and budgetary control.	[CO-1] [L-2] 2
(e)	What do you understand by contribution margin? Explain.	[CO-1] [L-2] 2
(f)	State the formula to calculate margin of safety.	[CO-1] [L-2] 2

PART-B

Q.2 The Hindustan Construction Company took a contract to construct a bridge over the Yamuna River. The contract price is Rs 1250000. The following additional information has been provided to you: [CO-2] [L-3] **10**

Particulars	Rs.
Labour on site	405000
Material sent direct to site	420000
Material sent from store to site	81200
Hire and use of plant	12100
Direct expenses	23000
General Overheads	37100
Material in hand (Closing)	6300
Wages outstanding	7800
Direct expense outstanding	1600
Work certified	1100000
Work not certified	16500
Cash Received (80% of work certified)	

Prepare contract account and show how notional profit will be transferred to actual profit and reserve account.

OR

Apply your understanding of cost components by creating a cost sheet with the imaginary values.

Q.3	Demonstrate your understanding of the Break Even Point by explaining it and illustrating with a diagram. OR ABC Ltd is currently operating at 75% of its capacity in the past two years the level of operation was 55% and 65% respectively. The present production is 75000 units. The company is planning for 85% capacity level in next year. The cost details are as follow: <table border="1"><thead><tr><th rowspan="2">Particulars</th><th colspan="3">Output Level</th></tr><tr><th>55%</th><th>65%</th><th>75%</th></tr></thead><tbody><tr><td>Direct material</td><td>1100000</td><td>1300000</td><td>1500000</td></tr><tr><td>Direct labour</td><td>550000</td><td>650000</td><td>750000</td></tr><tr><td>Factory overheads</td><td>310000</td><td>330000</td><td>350000</td></tr><tr><td>Selling overheads</td><td>320000</td><td>360000</td><td>400000</td></tr><tr><td>Administrative overheads</td><td>160000</td><td>160000</td><td>160000</td></tr><tr><td>Total Cost</td><td>2440000</td><td>2800000</td><td>3160000</td></tr></tbody></table> Profit is estimated at 20% on sale Prepare fixed and flexible budget at 85% capacity level.	Particulars	Output Level			55%	65%	75%	Direct material	1100000	1300000	1500000	Direct labour	550000	650000	750000	Factory overheads	310000	330000	350000	Selling overheads	320000	360000	400000	Administrative overheads	160000	160000	160000	Total Cost	2440000	2800000	3160000	[CO-3] [L-3] 10
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Q.4	Analyze the concept of overheads and examine the steps involved in calculating overhead costs. OR (a) Analyze the concept of direct material and discuss the various types of material losses. (b) Primex Limited produce product P for which the annual requirement of the material is 60000 units. Per unit cost of the material is Rs 10. Cost of placing and order is Rs. 800 carrying cost is 15% per annum of average inventory. Calculate Economic order quantity and number of orders in a year.	[CO-4] [L-4] 10																															
Q.5	The ABC Ltd. has the following cost structure of the one unit of its product X and Y: <table border="1"><thead><tr><th>Particulars</th><th>Product X</th><th>Product Y</th></tr></thead><tbody><tr><td>Raw Material</td><td>160</td><td>220</td></tr><tr><td>Wages</td><td>20</td><td>30</td></tr><tr><td>Variable overheads</td><td>90</td><td>100</td></tr><tr><td>Total Variable Cost</td><td>270</td><td>350</td></tr><tr><td>Fixed Cost</td><td>30</td><td>40</td></tr><tr><td>Total Cost</td><td>300</td><td>390</td></tr></tbody></table> Evaluate whether the company should produce the product in-house or purchase it from the market, given that Product X is available at Rs. 280 and Product Y at Rs. 340. Additionally, provide a recommendation if the market prices changes to Rs. 240 for Product X and Rs. 360 for Product Y. OR Explain the importance of marginal costing in evaluating business decisions. Write down any five business decisions that could be evaluated using the marginal costing technique.	Particulars	Product X	Product Y	Raw Material	160	220	Wages	20	30	Variable overheads	90	100	Total Variable Cost	270	350	Fixed Cost	30	40	Total Cost	300	390	[CO-5] [L-5] 10										
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