

March 2022

Bachelor of Business Administration (BBA) Examination

(Full Time) (New) Third Semester

BB-304 : BUSINESS COSTING

Time 3 Hours]

[Max. Marks 80

Note : Attempt all four questions. Each question carries equal marks

- What do you mean by Cost Accounting ? Explain objectives of Cost Accounting.
- The cost accounts of a manufacturing company provide the following information :

Particulars	Rs.
Purchase of Raw material	1,15,000
Factory Rent and Rates	12,000
Factory Insurance	8,000
Depreciation on Plant and Machinery	10,000
Office and Administration Cost	10,000
Direct Wages	1,00,000
Carriage Inward for Purchase of Raw material	1,440
Opening of Stock of Raw Material	25,000
Opening Stock of Finished Goods (1,000 tons)	22,240
Closing Stock of Raw Material	
Closing Stock of Finished Goods (2,000 tons)	4,800
Opening of Stock of Work in Progress (Valued at Works Cost)	16,000
Closing of Stock of Work in Progress (Valued at Work Cost)	8,000
Factory Supervision	3,30,000
Sales of Finished Goods	

Advertisement, Discount Allowed and Selling Costs Re. 1 per ton sold. 16,000 tons of the commodities were produced during the period. There is no change in cost of production as compared to last year's cost of production.

You are required to ascertain cost sheet showing :

- | | | |
|--------------------------------|-------------------------|----------------|
| (a) Value of Raw Material Used | (b) Prime Cost | (c) Works Cost |
| (d) Cost of Production | (e) Cost of Goods Sold | (f) Total Cost |
| (g) Net Profit | (h) Net Profit Per ton. | |

- A building contractor having undertaken construction work at a contract price of Rs. 2,50,000 began work on 1st Jan., 2020. Expenses incurred up to 31-12-20 were as follows :

Particulars	Amount (Rs.)
Material sent to site	85,349
Labour paid	74,375
Plant installed at site	15,000
Direct Expenditure	3,167
Establishment charges	4,126
Materials returned to stores	549
Work certified by architect	1,95,000
Cash received from contractee	1,80,000
Cost of work not yet certified	4,500
Materials on hand	1,883
Wages accrued due	2,400
Direct expenditure accrued due	240
Value of plant on 31-12-20	11,000

You are required to take credit for 2/3 of the profit earned but only to the extent of the work paid for. Prepare the Contract Account and show the relevant information in the Balance Sheet as on 31-12-20

P. T. O.

4. A certain product passes through three different processes. The output of each process is treated as the raw material for the next process. From the following data prepare the Process Accounts and Abnormal Waste Account and calculate the cost of the finished articles.

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials used	50,000	25,000	12,000
Labour	7,500	5,000	1,250
Overheads	12,500	12,500	18,750

The units received in the Process A were 15,000 and the output of each process is as follows :

Particulars	Process A	Process B	Process C
Output (units)	14,000	13,200	11,600
Normal Wastage	4%	5%	10%

The wastage is calculated in each process based on units entering into the process.

The Wastage in process A and B has a sale price of Rs. 20 per 100 units and process C Rupee 1 per unit.

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