

**214402**

May, 2019

**BBA-IV SEMESTER****Management and Cost Accounting (BBA/II/402)**

Time : 3 Hours]

[Max. Marks : 75

*Note : Attempt five questions in all, selecting four questions from Part-B in addition to compulsory Part-A.*

**PART-A**

1. (a) What is management accounting? (1.5)
- (b) Define absorption costing. (1.5)
- (c) Discuss the uses of ratio analysis. (1.5)
- (d) Distinguish between standard cost and estimated cost. (1.5)
- (e) Define break-even point. (1.5)
- (f) What are the assumptions of CVP analysis? (1.5)
- (g) What do you mean by zero based budgeting? (1.5)
- (h) Define cash flow statement. (1.5)
- (i) Explain angle of incidence. (1.5)
- (j) How to improve P/V ratio? (1.5)

## PART-B

2. A gang of workers usually consists of 100 men, 50 women and 50 boys in a factory. They are paid at standard hourly rate of ₹ 12.50, ₹ 8.00 and ₹ 7.00 respectively. In a normal working week of 40 hours the gang is expected to produce 1,000 units of output.

In a certain week, the gang consisted of 130 men, 40 women and 30 boys. Actual wages were paid at the rates of ₹ 12.00, ₹ 8.50 and ₹ 6.50 respectively. Two hours were lost due to abnormal idle time and 960 units of output were produced.

Calculate various Labour Variances. (15)

3. What do you understand by the term 'flexible budget'? How is it drawn up and what difficulties would you expect to face in its compilation? Is flexible budget useful to the management? Explain. (15)

4. Discuss the importance or significance of Funds Flow Statement. How do you determine whether a particular change is in the nature of a source or of an application of funds? Explain. (15)

5. A manufacturing finds that while the cost of making a component part is ₹ 10, the same is available in the market at ₹ 9 with an assurance of continuous supply. Give your suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from ₹ 9 to ₹ 8. The cost information is as follows :

Materials ₹ 3.50; Direct Labour ₹ 4.00; Other Variable Expenses ₹ 1.00 and Fixed Expenses ₹ 1.50. (15)

6. An industrial concern has a costing system based on historical costs. Draft a report, making out a case for introduction of Standard Costing System. (15)

7. "Cost Accountants are key to economy in manufacture and are indispensable to the intelligent and economical management of a factory". Comment. (15)

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