Punjab Technical University
BBA Examination 2006-2007

BBA Semester 3rd COST ACCOUNTING 2008

Time: Three Hours Max Marks:75
Note: Part a is compulsory. Each question carries 2 marks. Attempt any nine (9) questions of 5 marks each from Part B.

Part A -(15x2=30)

1. Write short notes on the following:

a. What are the main objectives of cost accounting.
b. Differentiate between cost accounting and cost accountancy.
c. Distinguish between direct and indirect cost.
d. What is the objective of preparing cost sheet.
e. Why margin of safety is calculated.
f. Define P/V ratio.
g. Discuss the importance of variable cost in make or buy decision.
h. Discuss semi-fixed cost.
i. How break-even point is calculated in units?
j. Discuss labour idle time variance.
k. Distinguish between marginal cost and marginal costing.
l. What is meant by capacity variance?
m. Differentiate between standard cost and estimated cost.
n. State two reasons for not reconciling budgeted profit and actual profit.
o. Define contribution.

Part B

2. What is the basic of classification of costs into different types?
3. How CVP analysis is useful in managerial decision making?
4. List various material variances and how they are calculated?
5. How product profitability can be ascertained with the technique of marginal costing?
6. Prepare cost sheet by using imaginary figures.
7. A manufacturing company disclosed a net loss of Rs. 5,72,000 as per their cost accounts records for the year ended March 31, 2005. The following information was revealed as a result of scrutiny of figures of both the set of books:

i. Factory overheads over-absorbed Rs. 16,000
ii. Administration over heads under -
Absorbed Rs. 24,000
iii. Depreciation charged in financial
Accounts Rs. 2,20,000
iv. Depreciation charged in cost accounts Rs. 2,45,000
v. Interest on investment not included in

Cost account Rs.64,000
vi. Income Tax Provided Rs. 1,54,000
vii. Interest on loan funds in financial
Accounts Rs. 2,63,000
viii. Transfer fees (credit in financial books) Rs. 16,000
ix. Stores adjustment (credit in financial
Books) Rs. 8,000

Prepare a memorandum reconciliation account
8. The profit value ratio of Nanda Limited dealing in hand tools is 50% and marginal of safety is 40%. You are required to workoput the break-even point and the net profit if the sales volume is Rs. 50,00,000.