

Dr. Babasaheb Ambedkar Open University
Term End Examination July – 2026

Course	: BBAR	Date	: 07-07-2026
Subject Code	: BBAR-502	Time	: 11:30am to 01:45pm
Subject Name	: Cost Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three) (30)

1. Explain the Meaning and Nature of Cost Accounting.
2. Write in detail about the Flexible budget with its application.
3. What is EOQ? Explain the advantages of it.
4. Explain FIFO and LIFO Methods for the inventory Valuation.
5. Mention the Contemporary issues in Budgeting.

Section B

Answer the following (Attempt any four) (20)

1. Explain the classification of overheads in detail.
2. Explain the different elements of Costing.
3. Discuss the objectives of Budgeting.
4. Describe the Advantages of Material Costs.
5. Write in detail about the different Wage Payment.
6. Discuss the Difference between Cost Accounting and Management Accounting.

Section C

Part – A (Multiple Choice Questions) (10)

- 1 What is the Primary objective of cost accounting?
A Tax compliance and Statuary filings B Cost ascertainment & Control
C Financial Audit Preparation D Maximizing Sales revenue
- 2 EOQ is the Quantity at which the Cost of Carrying is ____
A Minimum B Equal to the Cost of Ordering
C Less to the Cost of Ordering D Cost of Overstocking
- 3 The basis for ABC analysis is
A interests of Materials manager B Interests of top management
C Pareto's 80-20 rule D None of these
- 4 What does FIFO does mean ____
A Finished Stock in Finished Stock Out B Fabrication Inward Fabrication Outward
C Final Input Final Output D First in First Out
- 5 Direct labor is a ____
A Variable Cost B Fixed Cost
C Semi Variable Cost D None of these
- 6 Ratio Analysis is a tool of ____ Accounting.
A Financial B Cost
C Management D None of these

- 7 Regardless of how long it takes to produce and sell inventory, inventory is always considered to be a?
 A Current Assets B Current Liability
 C Long Term Assets D Stockholders' Equity
- 8 Cash Budget is a part of _____
 A Functional Budget B Financial Budget
 C Master Budget D None of these
- 9 The cost of material at 50% capacity is Rs 8,000 and budget is to be prepared at 60%, 90% and 100% of normal capacity. The cost of material at 60% and 90% capacity will be
 A Rs 9600 and Rs 14,400 B Rs 14,400 and Rs 16,000
 C Rs 9600 and Rs 16,000 D None of the above
- 10 A flexible budget requires careful study and classification of expenses into:
 A Past and Current Expenses B Fixed, Semi variable and Variable Cost
 C Administrative, Selling Expenses D None of these

Part – B (Do as Directed)

(10)

- 1 Cost accounting is Primarily Concerned with external reporting to Shareholders & Creditors. (True/ False)
- 2 Direct material is direct cost. (True/ False)
- 3 The Report of Management Accounting have been published for the public use. (True/ False)
- 4 Fixed Costs are cost which remains unchanged irrespective of the level of output. (True/ False)
- 5 Overheads are considered as a direct cost in the cost accounting. (True/ False)
- 6 The latest cost of inventories is changed to production but the old prices are changed to inventories on hand is in LIFO Inventory method. (True/ False)
- 7 A Cost Centre a part of an organization to which costs may be charged for accounting purposes. (True/ False)
- 8 ABC Analysis depends on Quantity of material used. (True/ False)
- 9 Budget is making the estimation of the future. (True/ False)
- 10 Material Control is a management function that is concerned with the storage, handling, and use of materials to minimize waste and improve inventory accuracy. (True/ False)
