

B.B.A DEGREE EXAMINATION APRIL 2022
BUSINESS ADMINISTRATION
SECOND SEMESTER

COURSE : MAJOR CORE
COURSE TITLE : COST ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

Section - A

Answer ALL the Questions:

(10x2=20)

1. Define costing.
2. What is cost unit?
3. List any four objectives of material cost.
4. What is normal idle time?
5. Write a note on under absorption of overheads.
6. A manufacturer buys certain equipment from outside suppliers at Rs.30 per unit. Total annual needs are 80,000 units. The following further data are available.
Annual return on investment – 10%
Rent, insurance, taxes per unit per year Re.13
Cost of placing an order Rs.100
Determine the Economic Order Quantity.
7. From the following information calculate Labour turnover by applying replacement method.
Number of workers at the beginning of the period – 3,800
Number of workers at the end of the period – 4,200
During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year: of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.
8. Indicate the basis you would adopt for apportionment of the following items of overhead expenses to different departments.
 - a) Factory Rent
 - b) Insurance of Plant and Machinery
 - c) Indirect Material
 - d) Creche expenses.
9. During February 2020, works overhead incurred in a factory was Rs. 40,000. The machine hours worked during the month were 8,000 hours. Determine the machine hour rate to be charged to the output to recover the works overhead.
10. Calculate the Raw Materials Consumed from the following details;
Raw materials purchased – Rs.80,000
Sale of material scrap – Rs.1,000
Opening stock of raw materials – Rs.12,000
Closing stock of raw materials – Rs. 21,000

Section – B

Answer Any FIVE Questions

(5x8=40)

11. Distinguish between Management accounting and Cost accounting.
 12. Explain the methods of pricing material issues.
 13. Two components X and Y are used as follows:
 Normal usage - 300 units per week each
 Maximum usage - 450 units per week each
 Minimum usage - 150 units per week each
 Reorder quantity: - X 1,200 units, Y 1,000 units
 Reorder period: - X 2 to 4 weeks, Y 3 to 6 weeks
 Calculate for each component:
 Reorder level, Minimum level, Maximum level, Average stock level.

14. a) Find out the wage per hour from the following information

Name of the worker :Mr. Vicky
 Wage per year : Rs.2,400
 Annual bonus : 25% of wages
 Employers' contribution to P.F – 10% of wages
 Employee's contribution to P.F – 8% of wages
 Employers' contribution to E.S.I – 3% of wages
 Total leave with pay permitted during the year -60 days
 Cost of labour welfare amenities – Rs.8,000
 No. of workers – 200
 Normal idle Time : 80 hours
 Working days per annum -320 days of 8 hours.

- b) Calculate the earnings of workers A and B under straight piece rate system and Taylor's differential piece rate system from the following particulars:

Normal rate per hour – Rs 1.80
 Standard time per unit – 20 seconds
 Differentials to be applied
 80% of piece rate below standard
 120% of piece rate at or above standard.

Worker A produces 1,300 units per day and worker B produces 1500 units per day.

15. In a factory, A and B are two production departments and X And Y are the two service departments. The overheads of the service departments are as follows:

X – Rs.10,000 Y – Rs.4,000

The overheads of service departments are apportioned as under:

	A	B	X	Y
X	50%	40%	-	10%
Y	40%	10%	50%	-

Show the apportionment of the overhead of service departments under simultaneous equation method.

16. You are required to compile a statement showing cost and profit from the following information, showing clearly a) Material Consumed b) Prime Cost c) Works Cost d) Cost of Production e) Cost of sales f) Profit g) Sales

Particulars	Rs.
Material purchased	2,00,000
Wages	1,00,000
Direct Expenses	20,000
Opening stock of materials	40,000
Closing stock of materials	60,000

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

17. Product V requires three distinct processes and after the third process the product is transferred to the finished stock. you are required to prepare process accounts from the following information.

Particulars	Process I Rs.	Process II Rs.	Process III Rs.
Direct material	8,000	1,200	800
Direct labour	3,000	3,200	1,800
Direct expenses	1,000	600	-

The total production overheads were Rs.12,000 and it must be allocated to different processes on the basis of 150% of direct wages. Production during the period was 400 units but there is no opening and closing stock.

Section – C

Answer Any TWO Questions

(2x20=40)

18. From the following transactions, prepare separately the stores ledger account, using the FIFO methods for pricing issues

Date	Particulars	
2017, July 1	Opening balance	2000 units @ Rs.10each
5	Received	1000 units @ Rs.11each
6	Issued	500 units
10	Received	5000 units @ Rs.12 each
12	Received back from work, order Issued on 6 th July	50 units
14	Issued	600 units
18	Returned to supplier out of goods received on 5 th	100 units
19	Received back from work, order Issued on 14 th July	100 units
20	Issued	150 units
25	Received	500 units at Rs.14 each
28	Issued	300 units

Stock verification report revealed that there was a shortage of 10 units on 18th July and another shortage of 15 units on 26th July.

19. A manufacturer of bikes finds that in 2021 it cost him Rs.7,20,060 to manufacture 175 bikes, which he sold for Rs.5,400 each. The cost is made up of :
- Materials - Rs. 2,82,000
 - Direct wages – Rs. 3,24,000
 - Factory overhead – Rs. 48,600
 - Office overhead – Rs.65,460

For the next year he estimates that:

- (a) Each bike will require materials of Rs.1,600 and labour Rs.1,800
- (b) The factory overhead will bear the same relation to wages as in the previous year.
- (c) The office overhead percentage on factory cost will be the same as in the past.

Prepare a statement showing the profit he would make per unit, if it reduces the price of the bike by Rs.200.

20. a) From the following data, prepare a statement showing the cost per day of 8 hours of engaging a particular type of labour.

- i) Monthly salary (Basic plus Dearness allowance) Rs.400
- ii) Leave salary payable to workman 15% of the basic plus dearness allowance
- iii) Employee's contributions to Provident fund 8% of salary (items a and b)
- iv) Employer's contributions to E.S.I 5% of salary (items a and b)
- v) Pro rata expenditure on amenities to labour Rs.25 per head per month
- vi) No. of working hours in the month 200

b) Calculate the earnings of a worker from the following as per Halsey plan:

- i) Standard time – 12 hours; Actual time 'A' 10 hours 'B' 8 hours 'C' 6 hours.
Hourly rate Rs.8
- ii) Hourly rate of wages Rs.10
Standard time for production of a dozen units of a product is 2 hours
Actual time taken by the workers to produce 25 dozens 40 hours
- iii) Articles manufactured by Mr.'S' a worker in a factory 300
Standard time allowed 10 minutes per unit
Actual time 44 hours
Standard rate Rs.5 per hour.

21. Universal limited has three production departments, Alpha, Beta, Gamma and two service departments, Delta and Theta. The company supplied the following information for the year ending 31st December 2016.

Rent Rs.5, 000 Electricity Rs. 2,000 Indirect material Rs. 1,500
Depreciation Rs. 5,000 Power Rs. 4,000 Welfare expense Rs. 1,300

Particulars	Production Departments			Service Departments	
	Alpha	Beta	Gamma	Delta	Theta
Direct Wages (Rs)	4,000	5,000	3,000	---	---
Direct Material (Rs)	5,000	6,000	4,000	---	---
Area (Sq. Ft.)	1,100	1,300	1,200	500	900
No. of workers	50	10	40	10	20
No. Of light points	8	12	10	4	6
H.P. of machines	5	10	10	6	9
Value of machines (Rs.)	15,000	30,000	22,500	---	7,500

Expenses of Service Departments Delta and Theta are apportioned as under:

	Alpha	Beta	Gamma	Delta	Theta
Delta	20%	40%	30%	---	10%
Theta	30%	20%	30%	20%	---

You are required to

- (i) Prepare primary overhead distribution summary on most equitable basis and
- (ii) Prepare a secondary distribution summary by Repeated Distribution method