



III Semester B.B.A. Examination, Jan./Feb. 2025

(NEP) (F+R)

BUSINESS ADMINISTRATION**3.1 : Elements of Cost Accounting**

Time : 2½ Hours

Instruction : Answers should be written in **English** only.**SECTION – A**Answer **any 6** of the following sub-questions, carries **2** marks.**(6×2=12)**

1. a) What do you mean by cost accounting ?
- b) Name any four techniques of inventory control.
- c) What is idle time ?
- d) State any 4 factory overheads.
- e) What is ABC analysis ?
- f) Name any two examples of direct materials.
- g) What are indirect materials ? Give examples.
- h) Give the formula of EOQ.

SECTION – BAnswer **any 3** of the following questions. **Each** question carries **4** marks. **(3×4=12)**

2. Differences between cost accounting and financial accounting.
3. Prepare a cost sheet from the following information :

	Rs.
Direct materials	– 1,10,000
Production wages	– 70,000
Factory overheads	– 50,000
Office overhead	– 35,000
Selling exps.	– 15,000
Sale of scrap	– 3,000
Sales	– 2,90,000

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4. From the following information calculate economic order quantity :
 - I) Quarterly consumption of materials – 2000 units.
 - II) Cost of placing one order Rs. 50.
 - III) Cost per unit Rs. 40.
 - IV) Storage and carrying cost 8% of inventory.
5. Calculate total earnings of worker under Halsey and Rowans plans.
Standard time – 10 hours
Time taken – 6 hours
Hourly rate – Rs. 2
6. From the following particulars calculate the Machine hour rate.
Cost of machine – Rs. 11,000
Scrap value – Rs. 680
Repairs for effective working life – Rs. 1,500
Standing charges for 4 weekly Rs. 1,600
Effective working life 10,000 hours
Power used 6 units per hour at Rs. 5 paise per unit
Hours worked in 4 weeks – 120 hrs.

SECTION – C

Answer **any 3** of the following questions, carries **12** marks.

(3×12=36)

7. In respect of a factory the following figures have been obtained for the year 2023.
Cost of materials – Rs. 6,00,000
Direct wages – Rs. 5,00,000
Factory overheads – Rs. 3,00,000
Admin. overheads – Rs. 3,36,000
Selling overheads – Rs. 2,24,000
Distribution overheads – Rs. 1,40,000
Profit – Rs. 4,20,000
A work order has been executed and the following expenses have been incurred :
Materials – Rs. 8,000
Wages – Rs. 5,000
Assuming that in the year 2024, the rate of factory overheads has increased by 20%. Distribution overheads have gone down by 10% and selling and administration overheads each gone up by 15%. At what price should the product be sold in 2024 so as to earn the same rate of profit in the selling price as on 2023 ?



8. The following transactions in the purchase and issues of a materials :

- 2023 Jan. 2 – Purchase – 4000 units at Rs. 4 per unit
" Jan. 20 – Purchase – 500 units at Rs. 5 per unit
" Feb. 8 – Purchase – 2000 units
" Feb. 18 – Issued – 4000 units
" March 3 – Issued – 1000 units
" March 6 – Issued – 2000 units
" March 20 – Purchase 4500 units at Rs. 5.50 per unit
" March 25 – Issued – 3000 units

From the above prepare Store ledger account, using FIFO method.

9. Anand Company Ltd. has three production depts. A, B and C and two service depts. X and Y. The following figures are extracted from the records of the company :

- Rent and rates – Rs. 5,000
- Indirect wages – Rs. 1,500
- Depn. of machinery – Rs. 10,000
- General lighting – Rs. 600
- Power – Rs. 1,500
- Sundries – Rs. 10,000

The following further details are available.

	Total	A	B	C	X	Y
Floor space (sq. ft)	10000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
HP of machine	150	60	30	50	10	–
Value of machinery	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various depts. on the most Equitable basis.



10. Two components A and B are used as follows :

Normal usage – 50 units per week each

Minimum usage – 25 units per week each

Maximum usage – 75 units per week each

Re-order quantity : A : 300 units

B : 500 units

Re-order period : A = 4 to 6 weeks

B = 2 to 4 weeks

Calculate for each component :

- a) Re-order level
- b) Minimum level
- c) Maximum level
- d) Average stock level

11. a) What is labour turnover ? State the causes of labour turnover.

b) The following transactions prepare store ledger account under using Weighted Average Price method.

2024 July – 1	Opening stock – 500 units at Rs. 20 each
" July – 4	Purchased – 400 units at Rs. 21 each
" July – 6	Issued – 600 units
" July – 8	Purchased – 800 units at Rs. 24 each
" July – 9	Issued – 500 units
" July – 13	Issued – 300 units.
