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**IV Semester B.B.A. Examination, September 2020**  
**(CBCS) (F+R) (2015-16 and Onwards)**  
**BUSINESS ADMINISTRATION**  
**Paper – 4.6 : Cost Accounting**

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer should be written **only in English.**

## SECTION – A

1. Answer **any five** sub-questions of the following. **Each** sub-question carries **two** marks. **(5×2=10)**
- What is cost accounting ?
  - Give the meaning of Indirect material.
  - What do you mean by Direct Labour ?
  - Define Overhead.
  - What is Memorandum Reconciliation Account ?
  - Name any two techniques of material control.
  - State two methods of time-keeping.

## SECTION – B

Answer **any three** questions of the following. **Each** question carries **six** marks. **(3×6=18)**

- Briefly explain the causes for the difference in profits of cost and financial accounts.
- From the following particulars, prepare a cost statement

	₹
Stock 1-1-2019 : Raw materials	30,500
Finished goods	20,400
Stock 31-12-2019 : Raw materials	48,500
Finished goods	10,000
Purchase of raw materials	25,000
Work-in-progress 1-1-2019	8,000
Work-in-progress 31-12-2019	9,000
Sales	95,000

P.T.O.



Direct wages	₹ 20,400
Factory expenses	10,500
Office expenses	5,400
Selling expenses	3,800
Distribution expenses	2,500

4. Calculate :

- Re-order level
- Re-order quantity
- Average stock level.

From the following information of material – 10 given below :

Normal usage	100, units per day
Minimum usage	60, units per day
Maximum usage	130, units per day
Minimum level	1400, units
Maximum level	7,800, units
Re-order period	20 to 30 days

- During first week of April the workman Mr. K manufactured 300 articles. He receives wages for a guaranteed 48 hours week at the rate of ₹ 4 per hour. The estimated time to produce one article is 10 minutes and under incentive scheme the time allowed is increased by 20%. Calculate his gross wages according to :
  - Rowan premium plan and
  - Halsey premium plan.
- Calculate the machine hour rate of machine No. 10 from the following details.
  - Cost of machine ₹ 45,000.
  - Installation charges ₹ 5,000.
  - Life of machine 5 years
  - Working hour per year 2,500
  - Repairs charges 75% of depreciation.
  - Electric power consumed 10, units per hour @ 15 paise per unit.
  - Lubricating oil ₹ 4 per day of 8 hours.
  - Consumable stores @ ₹ 10 per day of 8 hours.
  - Wages of machine operator @ ₹ 8 per day of 8 hours.



## SECTION – C

Answer **any three** questions of the following. **Each** question carries **fourteen** marks.

(3×14=42)

7. The accounts of a machine manufacturing company disclose the following information for six months ending 31<sup>st</sup> December 2019.

	₹
Materials used	1,50,000
Direct wages	1,20,000
Factory overhead expenses	24,000
Office expenses	17,640

Prepare a cost sheet of the machine and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at ₹ 1,250 and expenditure on productive wages of ₹ 750, so that the price may yield a profit of 20% on the selling price.

For the purpose of price quotation, charge factory overhead as a percentage of direct wages and charge office overhead as a percentage of works cost.

8. The following is the record of receipts and issues of a certain material in the factory during first week of April 2019, prepare the store ledger account under LIFO method.

**April – 2019**

01 – Opening Balance	50 tonnes @ ₹ 10 per tonne.
02 – Issued	30 tonnes
03 – Received	60 tonnes @ ₹ 10.20 per tonnes
04 – Issued	25 tonnes
05 – Received back from order	10 tonnes (previously issued @ 9.15 per tonne)
06 – Issued	40 tonnes
07 – Received	22 tonnes @ ₹ 10.30 per tonne.
08 – Issued	38 tonnes

On issue of material on 04-04-2019, stock verification reveals loss of 1 tonne.



9. 'A' factory has three production and two service departments. The overhead costs before distribution of service department costs are as follows :

	Production Dept.			Service Dept.	
	A	B	C	P	Q
Overhead	7,550	7,200	9,650	4,625	1,575
Service Dept.					
P	20%	30%	40%	—	10%
Q	40%	20%	30%	10%	—

Compute the total overheads of production overhead by simultaneous equation and repeated distribution method.

10. The profit as per cost accounts is ₹ 1,50,000. The following details are ascertained on comparison of cost and financial accounts.

	Cost Accounts	Financial A/cs
	₹	₹
Opening Stock :		
Material	10,000	15,000
Finished goods	18,000	16,000
Closing Stock :		
Material	12,000	13,000
Finished goods	20,000	17,000

Interest charged but not paid ₹ 10,000, Write off : Preliminary expenses ₹ 500; Goodwill ₹ 1,500, Dividend on Unit Trust of India received ₹ 1,000, Indirect expenses charged in financial accounts ₹ 80,000 but ₹ 75,500 recovered in cost accounts.

Find out the financial profit by preparing Reconciliation Statement.

11. The two workers Ram and Raju produced 80 pieces and 100 pieces respective of a product 'X' on a particular day in May in a factory. The time allowed for 10 units of product 'X' is one hour and their hourly rate is ₹ 4.

Calculate for each of these workers the following :

- Earnings for the day and
- Effective rate of earning per hour under :
  - Straight piece rate
  - Halsey premium plan
  - Rowan premium plan.