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Reg. No.

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III Semester B.B.A. Degree Examination, March - 2021

BUSINESS ADMINISTRATION

Cost Accounting

(CBCS Scheme Regular 2020-21)

Paper : 3.3

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answer should be written in English only.

SECTION - A

1. Answer any **five** sub-questions of the following. Each sub-question carries **two** marks.

(5×2=10)

- What do you mean by cost centre?
- Give the meaning of cost sheet.
- What is meant by Direct material? Give an example.
- Distinguish between Bin card and stores ledger.
- Mention any two types of incentive plans.
- What is machine hour rate?
- Define Activity Based costing.

SECTION - B

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

(3×5=15)

2. From the following data calculate :

- Reorder level
- Minimum stock level
- Maximum stock level

Reorder quantity 2,400 units

Reorder period 4 to 6 weeks

maximum consumption 450 units per week

minimum consumption 150 units per week.

[P.T.O.]



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3. Mr. Prasad furnishes the following data relating to the manufacture of a standard product during the month of January 2021.

| | |
|------------------------|-----------------------------|
| Raw materials consumed | Rs. 2,00,000 |
| Direct wages | Rs. 1,20,000 |
| Machine hours worked | 1000 hours |
| Machine hour rate | Rs. 20 per hour |
| Office overheads | Rs. 68,000 |
| Selling overheads | Rs. 4 per unit sold |
| Units produced | : 20,000 |
| Units sold | : 18,000 at Rs. 30 per unit |

Prepare a cost sheet showing the total cost and profit for the month.

4. Calculate the earnings of a worker under
a. Rowan premium Bonus system and
b. Halsey weir premium bonus system

From the following particulars

Hourly rate of wages Rs. 15

Standard time for producing one dozen articles is 3 hours. Actual time taken by the worker to produce 20 dozen articles is 48 hours.

5. From the following calculate cost driver rates

| | |
|---------------------------|--------------|
| a. Purchase order cost | Rs. 90,000 |
| b. Setup cost | Rs. 3,00,000 |
| c. Maintenance cost | Rs. 1,15,000 |
| d. Material handling cost | Rs. 1,50,000 |
| e. Machine testing cost | Rs. 4,00,000 |

Cost allocation basis are :

| | |
|------------------------------|---------|
| No. of setups | : 200 |
| No. of purchase orders | : 50 |
| No. of Batches run | : 100 |
| No. of time material handled | : 500 |
| No. of tests | : 4,000 |



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SECTION - C

Answer any **Three** questions. Each question carries **15** marks.

(3×15=45)

6. ABC Limited provided the following information for 5,000 articles manufactured during the year 2020-21.

| | |
|---------------------------------|--------------|
| Materials | Rs. 1,50,000 |
| Direct wages | Rs. 1,30,000 |
| Power and consumables | Rs. 20,000 |
| Lighting charges of the factory | Rs. 22,000 |
| Office staff salaries | Rs. 68,000 |
| Selling expenses | Rs. 20,000 |
| Sale proceeds of factory scrap | Rs. 8,000 |
| Plant repairs and Maintenance | Rs. 17,500 |

Selling price per unit Rs. 240 and all units were sold.

Prepare :

- Cost sheet for the year 2020-21.
- Statement of Quotation for the year 2021-22

Assume factory overheads are to be recovered as a percentage on direct wages and office overheads as a percentage on works cost and selling expenses per unit remain same. It is estimated that production for the year 2021-22 will increase by 50% due to its space capacity. The tender is to be made keeping a net profit of 20% on the selling price.

7. Following are the details of receipts and issues of material D-20 for the month of March 2020.

| Receipts | Quantity | Rate | Issues | Quantity |
|-----------|-------------|-----------------|-----------|------------|
| 1-3-2020 | 800 units | Rs. 25 per unit | 3-3-2020 | 1000 units |
| 19-3-2020 | 1,000 units | Rs. 23 per unit | 11-3-2020 | 800 units |
| 28-3-2020 | 400 units | Rs. 21 per unit | 25-3-2020 | 600 units |
| | | | 29-3-2020 | 200 units |

On 1-3-2020 opening stock was 1,250 units at Rs. 27 per unit.

Prepare stores ledger accounts by adopting.

- FIFO method and
- LIFO method of pricing material issues.

[P.T.O.]



8. The following are the particulars given to you :

| | |
|---------------|------------------|
| Standard time | 20 hours |
| Time Rate | Rs. 100 per hour |

Prepare a comparative table under Halsey plan and Rowan plan if time taken is 18 hours, 16 hours, 12 hours, 8 hours and 6 hours. The table should clearly show the amount of bonus payable, the amount of total wages and labour cost per hour under the two methods.

State at least one point of distinction between Halsey plan and Rowan plan in the light of your calculation.

9. You are supplied with the following information and required to work out the production hour rate of recovery of overheads of A, B and C under :

- Repeated distribution method
- Simultaneous equations method

| Primary overheads (Rs.) | Production Departments | | | Service Departments | |
|-------------------------|------------------------|--------|-------|---------------------|-------|
| | A | B | C | P | Q |
| | 7,810 | 12,543 | 4,547 | 4,000 | 2,600 |

Expenses of service departments P and Q are apportioned as under :

| | Production Department | | | Service Departments | |
|------------------------|-----------------------|-----|-----|---------------------|-----|
| | A | B | C | P | Q |
| Service Department P : | 30% | 40% | 20% | - | 10% |
| Service Department Q : | 10% | 20% | 50% | 20% | - |

Estimated working hours of production are as under :

Department A - 1,000 hours

Department B - 2,500 hours

Department C - 1,400 hours