

BBABMC / BBMBMC312
Vst semester B.B.A. / B.B.M. Degree Examination
April 2021
Credit Based Semester Scheme (2012 Scheme)
Cost Accounting

Time : 3 Hours

Maximum Marks : 120

Instructions : Support your answer with working notes wherever necessary.

SECTION – A (Two Marks each)

1. Answer any TEN questions from the following : **(10 x 2 = 20)**

- (a) What is the meaning of Idle Time ?
- (b) What do you mean by Job Card ?
- (c) Define Cost Accounting.
- (d) What is time booking ?
- (e) What do you mean by Scrap ?
- (f) What is the meaning of Secondary Distribution ?
- (g) What is meant by Classification and Codification of materials ?
- (h) What is Prime cost ?
- (i) If sales are Rs 4, 40,000, profit is 10 % of total cost, calculate the amount of profit.
- (j) What is the meaning of Machine Hour Rate ?
- (k) Cost of placing an order Rs. 60. Annual carrying cost per unit is 10 % of the inventory.
Annual usage 6,000 units. Cost of material per unit Rs. 20. Compute the Economic Ordering Quantity.
- (l) What is meant by Labour Turn Over ?

SECTION – B (Eight Marks each)

Answer any FIVE questions from the following : **(5 x 8 = 40)**

- 2.** Explain ABC analysis as a technique of material control.
- 3.** What are the advantages of Cost Accounting to the Management ?
- 4.** Prepare Bin card from the details given below for the month of January 2019.

January 1	Opening balance	3,000 units
2	Issued MR No. 50	1,750 units

5	Purchased GR No. 100	5,000 units
7	Issued MR No. 51	4,000 units
8	Received GR No. 101	8,000 units
10	Issued MR No. 52	9,000 units
18	Returned to stores	250 units
20	Purchased GR No. 102	2,500 units
25	Returned to vendor	2,000 units
27	Issued MR No. 53	1,000 units
30	Purchased GR No. 103	3,000 units

On 28th January, the stock verification office found a shortage of 200 units. Bin No. 35, code number of the material is AX - 53, Maximum level 5,000 units, minimum level 2,000 units, reorder level 3,000 units and reorder quantity 4,000 units.

5. A consignment of mixed grades of raw material was bought for Rs. 80,000. Further they were sorted on the basis of their market price as follows:

A - 6,000 units at Rs. 8 per unit

B - 4,000 units at Rs. 6 per unit

C - 7,000 units at Rs. 4 per unit

All the above grades yield the same percentage of profit. Calculate their purchase rates.

6. Calculate the earnings of Ananth and Sumanth under Taylor's differential piece rate system using the following information.

Standard production : 20 units per hour

Normal time rate : Rs. 50 per hour

Differentials to be applied are :

80 % of the normal piece rate when the efficiency is below the standard and 120 % of the normal piece rate when the efficiency is at or above the standard. In a day of 8 hours Ananth produced 150 units and Sumanth produced 180 units.

7. Compute various stock levels from the following.

- (i) Maximum Consumption 200 units per day
- (ii) Minimum Consumption 120 units per day
- (iii) Normal Consumption 160 units per day
- (iv) Reorder period 10-15 days
- (v) Reorder quantity 1,600 units
- (vi) Normal reorder period 10 days.

8. In Shabari Engineering Co. there are three production departments P₁, P₂ and P₃ and two service departments M and N. As per primary distribution summary, the overheads of these departments are :-

P₁ - Rs. 40,000 M - Rs 22,500

P₂ - Rs. 50,000 N - Rs 10,000

P₃ - Rs. 20,000

The cost service departments are to be redistributed as follows.

	P ₁	P ₂	P ₃	M	N
M	30	40	20	-	10
N	30	30	20	20	-

Prepare a statement showing distribution of the service departments expenses to production departments under simultaneous equation method.

SECTION – C (Twenty Marks each)

Answer any THREE questions from the following : (3 x 20 = 60)

9. From the following information write up stores ledger card in the prescribed form using FIFO method.

2019 September 1	Opening balance 40 units at Rs. 5.60
Sept. 4	Issued 14 units
Sept. 6	Received from vendor 80 units @ Rs. 5.75 per unit
Sept. 7	Issued 42 units
Sept. 10	Return to vendor 10 units
Sept. 11	Issued 15 units
Sept. 13	Issued 20 units
Sept. 15	Received from vendor 75 units @ Rs. 6.10 per unit
Sept. 16	Shortage found in stock taking 6 units
Sept. 17	Issued 30 units
Sept. 19	Received replacement from vendor 10 units at Rs 5.75 per unit
Sept. 20	Return from department 8 units
Sept. 22	Transfer from Job 182 to 187 5 units
Sept. 26	Issued 34 units
Sept. 30	Excess found on verification 5 units

10.

(a) Calculate the normal and overtime wages payable to the workman from the following data:

Days	Hours worked
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Friday	9
Saturday	4

Normal working hours per day is 8 hours. Normal time rate is Rs. 100 per hour. Over time is paid up to 9 hours in a day at single rate and over 9 hours at double rate. Or up to 48 hours in a week at single rate and over 48 hours in a week at double rate whichever is more beneficial to the worker is paid.

(8 marks)

(b) Following details are given for the month of March 2019.

Employee	Worker A	Worker A
Time allowed (hours per 100 units)	35	40
Wage rate per unit (Rs.)	2	3
Hourly rate (Rs.)	7	8
Actual time taken	50 hours	48 hours
Actual units produced	200	150

Compute the earnings of the workers under

- Time rate
- Piece rate
- Halsey plan
- Rowan plan

(12 marks)

11. Ananda Ltd. Furnishes the following for the month of August 2019.

Rs.		Rs.	
Stock on 1st August 2019:		Store expenses	
Materials	15,000	Material handling	6,500
W-I-P	14,000	Loss on sale of furniture	2,500
Purchases	97,000	Rectification cost of defectives	250
Direct wages	96,000	Coal, gas, water	3,800
Factory supplies	8,000	Audit fees	12,400
Trade magazines	1,600	Goodwill written off	3,000
Mangers salary	16,600	Underwriting commission	2,000
Depreciation on furniture	1,800	Donations	1,000
Debenture interest	4,500	Legal charges	5,000
			1,000

Sales (15,000 units)	3,15, 000	Samples	2,500
Finished stock insurance	2,400	Packing	1,600
Delivery van expenses	3,500	Stock on 31st August 2019:	
Sales office expenses	2,800	W-I-P	15,200
Showroom expenses	2,200	Finished stock (Units)	1,000

Prepare cost sheet showing various elements of cost and profit .

12. Deckon Enterprise collects overhead expenses under three production centres A, B and C and two service centres X and Y. Following expenses are extracted from their accounts.

Rent and rates	50,000	General lighting	9,000
Power	15,000	Indirect wages	20,000
Welfare expenses	22,000	Depreciation on machine	80,000
Other expenses	44,000		

The following additional details are available.

Departments	A	B	C	X	Y
Floor space (sq mtrs)	200	300	250	200	50
Light points	20	30	20	20	10
Direct wages (Rs)	60,000	40,000	60,000	30,000	10,000
Machine H. P.	100	60	80	5	5
Cost of machines (Rs)	24,000	32,000	40,000	2,000	2,000
Number of employees	25	30	35	12	8

The expenses of service departments are charged on a percentage basis as follows:

	A	B	C	X	Y
X	20 %	30 %	40 %	-	10 %
Y	40 %	20 %	20 %	20 %	-

Prepare primary distribution summary and secondary distribution summary by adopting repeated distribution method.
