

**BBABMC 332**

**Choice Based Credit System V Semester B.B.A. Degree
Examination, February/March 2023
(2021-22 Batch Onwards)
COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever necessary*.

**SECTION – A
(6 Marks each)**

Answer **any four** questions from the following :

(4×6=24)

1. Explain cost classification on the basis of behaviour.
2. Explain the objectives of material control.
3. What do you mean by idle time and overtime ?
4. A firm purchased a raw material 'Z' from Venus Ltd. Quantity purchased 4500 kgs @ ₹ 20 per kg, Company allows a trade discount of 10%. Freight charges ₹ 2 per kg. Inspection charges ₹ 0.10 per kg., unloading charges 15 paise per kg. Calculate the purchase price of material 'Z'.
5. From the following particulars calculate the earnings of a worker under Halsey's premium plan and Rowan's bonus plan. Hourly rate of wages ₹ 50. Standard time for producing one dozen article is 3 hours. Actual time taken by the worker to produce 20 dozen article is 48 hours.
6. Compute the machine hour rate for a machine purchased from Anil Pvt. Ltd. to cover the following overhead expenses :
Rent of the department (space occupied by the machine is $\frac{1}{4}$ th of the department) ₹ 6,000 p.a.
Lighting (Number of men in the department 15 and 3 men are employed in this machine) ₹ 2,500 p.a.
Insurance ₹ 600 p.a., cotton waste, oil and sundries ₹ 400 p.a.
Other details :
 - a) Machine will work for 2300 hours p.a.
 - b) Machine will consume 5 units of power per hour at a cost of ₹ 1 per unit.
 - c) Base period 1 year.

P.T.O.



7. Find out EOQ for :
- Material 'M' and
 - Material 'N' with the following data supplied to you :
 - Ordering cost per order :
'M' material ₹ 800
'N' material ₹ 1,000.
 - Cost of holding inventory :
'M' material ₹ 4.00 per unit p.a.
'N' material ₹ 8.00 per unit p.a.
 - Annual consumption of materials : 8,000 units each.

SECTION – B
(12 Marks each)

Answer **any four** questions from the following :

(4×12=48)

8. Following information regarding coal is obtained from the stores records of Ganesh Steels Ltd. for March 2022 :

1	Opening balance	500 tons
4	Issued on MR No. 85	160 tons
5	Received from vendor vide GR No. 7	240 tons
8	Issued on MR No. 86	180 tons
12	Issued on MR No. 87	60 tons
17	Received from vendor vide GR No. 8	200 tons
24	Issued on MR No. 88	150 tons
30	Received from vendor vide GR No. 9	250 tons
31	Issued on MR No. 89	170 tons

Stock verified on March 25, 2022 revealed a shortage of 200 tons and 100 tons of surpluses on 26th March, 2022. The minimum stock level 200 tons. Ordering level is 300 tons.

Prepare Bin Card No. 20 for the above transactions.

9. Bharath Manufacturing Co. Ltd. has four production departments, A, B, C and D and two service departments viz. transport and power supply. The particulars of expenses of the respective departments are as follows :

Particulars	Production Depts.				Service Depts.	
	A	B	C	D	Transport	Power
Expenses (₹)	1,000	900	800	700	550	380



The service department expenses are charged out on % basis as given below :

Particulars	Production Depts.				Service Depts.	
	A	B	C	D	Transport	Power
Transport	10%	30%	20%	20%	-	20%
Power	30%	20%	30%	10%	10%	-

Using the above particulars, apportion the service department expenses to various depts on simultaneous equation method.

10. 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 ₹ 100 per hour. Overtime rate is upto 9 hours in a day at single rate and over 9 hours in a day at double rate or upto 48 hours at single rate and over 48 hours at double rate, whichever is more beneficial to the workman.

11. Distinguish between financial account and cost account.
12. What is labour turnover ? What are the causes for labour turn over ?
13. Two components A and B are used as follows :
- Normal usage 1300 units per week each
 - Maximum usage 1450 units per week each
 - Minimum usage 1150 units per week each
 - Reorder quantity A – 12,400 units
B – 13,600 units
 - Reorder period A – 4 to 6 weeks
B – 2 to 4 weeks
- Calculate for each components :
- 1) Reorder level
 - 2) Minimum level
 - 3) Maximum level
 - 4) Average stock level.



14. From the following details of stock receipts and issues of material 'X' in a manufacturing unit, prepare the stores ledger using weighted average method of valuing the issues, for March 2022.
- 1 Opening stock 2,000 units at ₹ 5 each.
 - 3 Issued 1,500 units to production.
 - 4 Received 4,500 units at ₹ 6 each.
 - 8 Issued 1600 units to production.
 - 9 Returned to stores 100 units by production department, issued on March 3.
 - 16 Received 2400 units at ₹ 6.5 each.
 - 19 Returned to supplier 200 units out of quantity received on March 4.
 - 20 Received 1000 units at ₹ 7 each.
 - 24 Issued to production 2,100 units.
 - 27 Received 1,200 units at ₹ 7.5 each.
 - 29 Issued to production 2800 units.

SECTION – C
(24 Marks each)

Answer **any two** questions from the following :

(2×24=48)

15. From the following particulars prepare a statement of cost for the period ended 31st December 2022.

	₹
Raw materials	36,000
Direct expenses	3,000
Productive wages	35,000
Unproductive wages	10,500
Factory rent and taxes	7,500
Factory lighting and heating	3,700
Power	4,900
Office expenses	1,000
Directors fees : Works	1,000
Office	2,000



Stationary : Office	900
Factory	750
Depreciation : Plant	2,000
Office Building	1,000
Loose tools	600
Insurance : Office	500
Factory	1,100
Warehouse rent	300
Advertising	300
Commission on sales	1,500
Bad debt	100
Sales department salary	1,500
Reserve for bad debt	500

Total output for the period has been 18,000 tons.

16. Enter the following transactions in the stores ledger of "K" material using FIFO method.

2022

December

- 1 Balance 250 units @ ₹ 10 per unit.
- 3 Issued 50 units on MR No. 61.
- 6 Recieved 800 units as per GR No. 13 at ₹ 11 per unit.
- 7 Issued 300 units on MR No. 63.
- 8 Returned to stores, 20 units issued on MR No. 61.
- 12 Received 300 units, GR No. 15 @ ₹ 12 per unit.
- 15 Issued 320 units on MR No. 83.
- 18 Received 100 units, GR No. 77 at ₹ 12. per unit.
- 20 Issued 120 units on MR No. 102.
- 23 Returned to vendors 40 units from GR No. 77 received on 18.
- 26 Received 200 units on GR No. 96 at ₹ 10 per unit.
- 30 Issued 250 units.



17. A company has three production departments. The following informations are available from the records of the factory.

	₹
Rent and taxes	25,000
Lighting	3,000
Indirect wages	7,500
Power	7,500
Depreciation on machine	50,000
Sundries	50,000

Additional Information :

Particulars	Production Depts.			Service Depts.	
	A	B	C	X	Y
Direct wages (₹)	15,000	10,000	15,000	7,500	2,500
H. P. of Machine	60	30	50	10	-
Cost of machines (₹)	3,00,000	4,00,000	5,00,000	25,000	25,000
Production Hours	6226	4028	4066	-	-
Floor area (Sq. ft)	2000	2500	3000	2000	500
Light points	10	15	20	10	5

Allocation of service dept. expenses is as follows :

Particulars	Production Depts.			Service Depts.	
	A	B	C	X	Y
Service Dept. X	20%	30%	40%	-	10%
Service Dept. Y	40%	20%	30%	10%	-

Redistribute the service department expenses using repeated distribution method and also calculate the overhead absorption rate per hour of production departments.



18. a) A worker takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by results.

His day rate is ₹ 60 per hour.

The material cost of the production is Rs. 2000 and overheads are recovered at 100% of total direct wages.

Calculate the factory cost of the product under :

- 1) Rowan plan and
- 2) Halsey plan.

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- b) Calculate total monthly remuneration of 3 workers from the following :

a) Standard production per month per worker 1000 units.

b) Actual production during the month :

Worker Nagaveni : 850 units

Worker Prema : 750 units

Worker Ravikala : 950 units

c) Piece work rate ₹ 40 per unit (Actual Production)

d) Additional production bonus is Rs. 400 for each percentage i.e., actual production exceeding 80%.

e) Dearness pay fixed ₹ 2,000 per month.

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