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BBABMC 332

**Choice Based Credit System V Semester B.B.A. Degree
Examination, April/May 2022
(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. Vaishnavi Traders, Mumbai purchased 5,000 kg of raw material 'X' @ ₹ 25 per kg from Yash Co. Ltd., Pune. Company allows trade discount of 10%, GST charged @ 18%, Freight ₹ 2.00 per kg, inspection charges ₹ 1.00 per kg, unloading charges ₹ 0.50 per kg.
Provide for normal damage @ 1%. Calculate the purchase cost of materials.

2. Find out the EOQ for (a) Material 'X' (b) Material 'Y' with following data supplied to you :

i) Ordering cost per order :

X material ₹ 500

Y material ₹ 800

ii) Cost of holding inventory :

X material ₹ 2.00 per unit p.a.

Y material ₹ 4.00 per unit p.a.

iii) Annual consumption of materials : 4,000 units each.

3. Using the following data, calculate the total remuneration payable to a worker under Halsey plan and Rowan plan.

Standard time : 48 hours

Time taken : 42 hours

Time rate : ₹ 60 per hour

P.T.O.



4. From the following information, find out machine hour rate for Machine No. 22.

- Cost of the machine ₹ 1,00,000
- Scrap value of the machine ₹ 5,000
- Repairs for working life ₹ 15,000
- Fixed charges for weeks ₹ 16,000
- Effective working life 10,000 hours
- Power 6 units per hour @ ₹ 1.50 per unit
- Machine hours during 4 weeks 120

5. Explain the classification of cost on the basis of elements or nature.

6. Distinguish between Bin card and Stores ledger.

7. What are the advantages of ABC analysis ?

SECTION – B
(12 marks each)

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

(4×12=48)

8. Explain the advantages of cost accounting to the management.

9. Describe the essentials of a sound wage system.

10. In manufacturing a product, Chinmay Ltd. uses two components XL and XM.
The following particulars are supplied to you :

- Minimum usage : 5,000 kg per week each.
- Maximum usage : 8,000 kg per week each.
- Re-order quantity : XL 4,000 kg
XM 6,000 kg
- Re-order period : XL 4 to 6 weeks
XM 2 to 4 weeks

Calculate for each component :

- i) Re-order level
- iii) Minimum level

- ii) Maximum level
- iv) Average stock level.



11. From the following details of stock receipts and issues of material 'X' in a manufacturing unit, prepare the stores ledger using weighted average price method of valuing the issues :

March 2022

- 1 Opening stock 2,400 units @ ₹ 18 each
- 3 Issued 1,500 units to production
- 4 Received 5,600 units @ ₹ 16 each
- 8 Issued 3,800 units to production
- 9 Returned to stores 100 units by production department out of issues made on March 3
- 16 Received 2,200 units @ ₹ 15.50 each
- 19 Returned to supplier 200 units out of quantity received on March 4
- 20 Received 4,500 units @ ₹ 16.00 each
- 24 Issued to production 3,400 units
- 27 Received 4,800 units @ ₹ 18.50 each
- 29 Issued to production 3,600 units

12. The following details are supplied to you relating to a worker in a foundry :

- i) Monthly salary (basic) ₹ 30,000
- ii) Dearness allowance ₹ 10,000
- iii) Leave salary 5% of basic and D.A.
- iv) Fringe benefits ₹ 4,200.
- v) Employer's contribution to :
 - ESI @ 2.5% of basic and D.A., provident fund @ 3.67% of basic and D.A.
- vi) Employee's contribution to :
 - ESI @ 5% of basic and D.A.
 - Provident fund @ 12% of basic and D.A.

The employer maintains a canteen on which he spends ₹ 12,50,000 per month. The canteen serves both the office and foundry number of employees being 50 and 450 respectively. The foundry worked for 200 hours in a month. Prepare a statement showing labour cost per month and per hour.



13. The following information regarding 'P' material is obtained from the stores records of a company.

2022 Jan.

- 1 Opening balance 300 kg
- 5 Received from supplier (GRN No. 11) 500 kg
- 8 Issued to production department (SR No. 21) 340 kg
- 10 Issued to production department (SR No. 22) 260 kg
- 13 Returned from production department 20 kg
- 16 Received from supplier (GRN No. 12) 600 kg
- 18 Received from supplier (GRN No. 13) 350 kg
- 20 Surplus found on verification 30 kg
- 22 Issued to production department (SR No. 23) 250 kg
- 25 Issued to production department (SR No. 24) 360 kg.
- 30 Returned to Vendor 10 kg
- 31 Deficit found on verification 20 kg

The minimum stock level of material 'P' is 200 kg, maximum stock level is 600 kg, re-order level is 350 kg and re-order quantity is 600 kg. Prepare Bin card No. 420 of material 'P'.

14. In a factory there are three production departments A, B and C and two service departments D and E. From the following details, prepare primary distribution summary.

Indirect materials ₹ 1,500

Indirect wages ₹ 1,500

Depreciation on machinery ₹ 2,400

Rent and taxes ₹ 1,000

Power ₹ 1,000

Lighting ₹ 3,500

Sundry expenses ₹ 1,500

Other details :

	A	B	C	D	E
Direct materials (₹)	20,000	10,000	20,000	5,000	5,000
Direct wages (₹)	10,000	10,000	4,000	2,000	4,000
Cost of machinery (₹)	50,000	1,00,000	75,000	25,000	50,000
Floor area (sq. ft.)	1,000	1,500	1,500	500	500
HP of machines	8	7	15	5	5
Light points	6	8	12	4	5

SECTION – C
(24 Marks each)

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

(2×24=48)

15. From the following particulars, prepare a cost sheet showing the components of total cost and profit for the year ended 31-12-2021 :

Stock	1-1-2021	31-12-2021
	₹	₹
Raw materials	80,000	1,00,000
W.I.P.	30,000	20,000
Finished goods	12,000	30,000
	₹	
Purchase of materials	9,50,000	
Direct wages	3,25,000	
Factory employees salary	1,30,000	
Power expenses	18,000	
General expenses	65,000	
Income tax	5,500	
Debenture interest	5,000	
Drawing office expenses	5,000	
Packing expenses	1,000	
Trade magazines	1,600	
Finished stock insurance	1,000	
Carriage inward	35,000	
Works manager's salary	50,000	
Factory rent and taxes	15,000	
Other production expenses	85,000	
Dividend paid	1,500	
Counting house salary	7,000	
Goodwill written off	10,000	
Indirect materials	20,000	



16. Lahari Enterprises had in stock on 1st August, 2021, 800 kg of material 'Ghee' valued @ ₹ 8,000. The following purchases and issues of Ghee were made during the month of August 2021 :

Date	Receipts (kg)	GRN No.	Rate per kg (₹)
8	320	78	11.00
14	120	81	12.00
19	40	86	12.50
28	80	114	10.00

Date	Issues (kg)	MRN No.	Department
6	200	87	DR
9	120	94	RS
16	128	96	RA
24	720	121	JD
29	128	135	AM

On 11th August, 8 kg were returned to stores out of issues vide MRN No. 87 dated 6th August. On 26th August, 16 kg were returned to vendors of the receipts vide GRN No. 86.

Freight paid on purchases vide GRN No. 114 on 29th August ₹ 120 on 30th August, excess found in stock was 8 units.

Prepare a stores ledger from the above transactions by adopting FIFO method.

17. Calculate the total earnings of three workers under :

- Time rate system.
- Piece rate system.
- Taylor's differential piece rate system.
- Rowan premium plan.
- Halsey premium plan.

Particulars	Neeta	Smita	Latha
Time allowed per 100 units	35 hrs.	40 hrs.	42 hrs.
Wage rate per unit	₹ 2.00	₹ 3.00	₹ 4.00
Rate per hour	₹ 7.00	₹ 8.00	₹ 10.00
Actual time taken	50 hrs.	48 hrs.	46 hrs.
Actual units produced	200	150	125



18. A company has three production departments A, B and C and two service departments X and Y. The following particulars are available for the month of march 2022 concerning the organisation :

- Rent ₹ 15,000
- Municipal taxes ₹ 5,000
- Lighting ₹ 2,400
- Indirect wages ₹ 6,000
- Power ₹ 6,000
- Depreciation on machinery ₹ 40,000
- Sundry expenses ₹ 30,000
- Other labour related costs ₹ 10,000

Following further details are available.

	Production Departments			Service Departments	
	A	B	C	X	Y
Floor area (sq. mtrs.)	1,000	1,250	1,500	1,000	250
Light points (No.s)	40	60	80	40	20
Direct wages (₹)	12,000	8,000	12,000	6,000	2,000
HP of machines	60	30	50	10	-
Cost of machines (₹)	48,000	64,000	80,000	4,000	4,000

The expenses of service departments are to be allocated in the following manner :

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

You are required to allocate the expenses to various departments. Also re-allocate service departments overhead to production departments under repeated distribution method.

