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BBABMCN 301

**III Semester B.B.A. Degree Examination, December 2023/January 2024
(NEP – 2020) (2022 – 23 Batch Onwards)
COST ACCOUNTING**

Time : 2 Hours

Max. Marks : 60

Instruction : Provide working notes *wherever* necessary.

**SECTION – A
(2 marks each)**

Answer **any five** questions. **Each** question carries **2** marks.

(5×2=10)

1. What is a cost unit ?
2. What do you mean by Material Requisition Note ?
3. Write the meaning of idle time.
4. What do you mean by primary distribution summary ?
5. What is ABC analysis ?
6. A factory requires 18,000 units of a material per year each costing Rs. 27. Cost per order is Rs. 150 and the inventory carrying cost is 20% of the average inventory. Find out the economic order quantity.
7. If sales is Rs. 6,00,000, profit is 20% of total cost. Calculate the amount of profit.

**SECTION – B
(5 marks each)**

Answer **any four** questions. **Each** question carries **5** marks.

(4×5=20)

8. Prepare estimated cost sheet from the following data :

Estimated material Rs. 1,00,000

Estimated labour cost Rs. 1,50,000

It is estimated that the factory overhead will be 90% of direct wages. Administrative overhead will be 40% of works cost. Selling and distribution overhead will be 10% of cost of production. The expected profit will be 20% on sales.

P.T.O.



9. A material is used as follows :

Maximum consumption 400 units per week

Minimum consumption 250 units per week

Normal consumption 300 units per week

Reorder quantity 1500 units

Reorder period 4 to 6 weeks

Calculate :

- Re-order level
- Maximum level
- Minimum level
- Average stock level.

10. Calculate the earnings of workers Arun and Varun under Taylor's differential piece rate system from the following particulars :

Normal rate per hour Rs. 180

Standard output per hour – 60 units

Differentials to be applied :

80% of normal piece rate for below standard

120% of normal piece rate for at and above standard

Worker Arun produces 450 units per day

Worker Varun produces 500 units per day

Normal working hours per day is 8 hrs.

11. In a factory there are three production departments P_1 , P_2 and P_3 and two service departments S_1 and S_2 . The following overheads and other information are extracted from the books for the month of October 2022.

Rent Rs. 6,000

Depreciation Rs. 3,600

Lighting Rs. 600

Power Rs. 5,400

Other details are as follows :

Particulars	P_1	P_2	P_3	S_1	S_2
Direct material	20,000	10,000	20,000	5,000	5,000
Direct wages	10,000	10,000	4,000	2,000	4,000
Area (sq. ft.)	400	300	270	150	80
Value of plant	72,000	54,000	48,000	6,000	—
Horse power of machinery	600	400	300	150	50
Light points	15	10	5	5	5

Prepare primary distribution summary.



12. From the following particulars calculate the earnings of a worker under
- a) Halsey's Premium Plan
 - b) Rowan's Bonus Plan.
- Hourly rate of wage Rs. 20
Standard time for producing one dozen articles is 3 hours
Actual time taken by the worker to produce 20 dozen articles – 48 hours
13. What are the different methods of absorption of overheads ?
14. Explain the purchase procedure of materials.

SECTION – C
(10 marks each)

Answer **any three** questions. **Each** question carries **10** marks. **(3×10=30)**

15. Sun Ltd. manufacturing a product and the following information has been obtained from the records for the year ended 31-12-2021.

	Rs.
Purchase of raw material	4,80,000
Work manager's salary	36,000
Work stationery	21,000
Direct wages	4,20,000
Consumable stores	18,000
Haulage	12,000
Drawing office expenses	5,000
Other factory expenses	4,000
Chargeable expenses	30,000
Printing and stationery	8,000
Office salary	50,000
Samples and free gifts	5,000
Counting house salary	10,000
Office lighting	1,000
Upkeep of delivery van	8,000
Other selling expenses	20,000
Sales	12,00,000

Prepare a cost sheet for the year ended 31-12-2021.



16. Enter the following transactions in the stores ledger using FIFO method.

2022

December

- 1 Balance 250 units at Rs. 10 per unit
- 3 Issued 50 units on MRN No. 61
- 6 Received 800 units as per GRN 13 at Rs. 11 per unit
- 7 Issued 300 units on MRN 63
- 8 Returned to stores 20 units issued on MRN 61
- 12 Received 300 units GRN 15 at Rs. 12 per unit
- 15 Issued 320 units on MRN 83
- 18 Received 100 units GRN 77 at Rs. 12/unit
- 20 Issued 120 units MRN 102
- 23 Returned to vendors 40 units from GRN 77 received on 18th

17. A company is having three production departments X, Y, Z and two service departments A and B. The overheads as per primary distribution are :

- Dept. X Rs. 6,00,000
- Dept. Y Rs. 5,25,000
- Dept. Z Rs. 3,75,000
- Dept. A Rs. 1,75,500
- Dept. B Rs. 2,25,000

The expenses of service departments A and B are apportioned on a percentage basis.

	X	Y	Z	A	B
Expenses of Dept. A	20%	40%	30%	—	10%
Expenses of Dept. B	40%	20%	20%	20%	—

Apportion the expenses of service departments to production departments under simultaneous equation method.

18. Calculate the machine hour rate from the following information :

- Rent of the department ($\frac{1}{10}$ area occupied) Rs. 15,000 p.a.
 - Operator's salary ($\frac{1}{8}$ for this machine) Rs. 24,000 p.a.
 - Insurance Rs. 720 p.a.
 - Lighting (out of 12 light points 2 points for this machine) Rs. 1,200 p.a.
 - Sundry expenses Rs. 1,200 p.a.
 - Cost of the machine Rs. 25,000
 - Life of the machine 10 years
 - Scrap value Rs. 1,000
 - Repair and maintenance Rs. 2,400 p.a.
- It is assumed that the machine will work for 1800 hours per annum and 5 units of power would be used per hour at Rs. 3.50 per unit.

19. What are the reasons for differences in the profits shown by cost accounts and financial accounts ?