



US – 536

IV Semester B.B.A. Examination, May 2017  
(CBCS) (Fresh + Repeaters)  
(2015 – 16 & Onwards)  
**BUSINESS ADMINISTRATION**  
**Paper – 4.6 : Cost Accounting**

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answers 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)
- Define Cost Accounting.
  - Give the meaning of direct labour with two examples.
  - What is Maximum level of stock ?
  - What is over time ? Mention two causes for it.
  - What is Reconciliation statement ?
  - What is overhead absorption rate ?
  - Annual demand for material – 3600 units, cost of placing the order Rs. 50, storage cost p.u. per year Re. 1. Calculate EOQ.

SECTION – B

Answer **any three** questions of the following. **Each** question carries **six** marks. (3×6=18)

2. Explain the objectives of Cost Accounting.
3. Mr. Gopal furnishes the following data relating to the Manufacture of a standard product during the month of April 2016.
- |                          |                         |
|--------------------------|-------------------------|
| Raw Material Consumed    | Rs. 15,000              |
| Direct Labour Charges    | Rs. 9,000               |
| Machine hours worked     | Rs. 900                 |
| Machine hour rate        | Rs. 5                   |
| Administrative overheads | 20% on works cost       |
| Selling overhead         | Re. 0.50 per unit       |
| Units produced           | 17,100                  |
| Units sold               | 16000 at Rs. 4 per unit |
- You are required to prepare Cost Sheet, showing cost per unit and profit for the period.

P.T.O.



4. In a manufacturing company a material is used as follows:
- |                     |   |                    |
|---------------------|---|--------------------|
| Re-order quantity   | — | 3600 units         |
| Re-order period     | — | 3 to 5 weeks       |
| Maximum consumption | — | 900 units per week |
| Minimum consumption | — | 300 units per week |
| Normal consumption  | — | 600 units per week |

**Calculate :**

- 1) Re-order level
  - 2) Minimum stock level
  - 3) Maximum stock level.
5. During the first week of April 2016, Mr. X produced 800 articles. He receives wages for a guaranteed 48 hours a week at Rs. 10 per hour. The estimated time to produce one article is 16 minutes.
- Calculate the wages according to
- a) Halsey Premium Plan and
  - b) Rowan Premium Plan.
6. Compute machine hour rate from the following data :
- Purchase cost of the machine Rs. 2,00,000
  - Scrap value after 10 years of Rs. 20,000 life
  - Yearly working hours 2,000
  - Charge 50% of depreciation as repairs
  - Power cost 5 units of power per hour at Rs. 5 p.u.
  - Oil expenses at Rs. 20 per day of 8 hours
  - Consumable stores at Rs. 100 per day of 8 hours.

## SECTION - C

Answer **any three** questions of the following. **Each** question carries **14** marks. (3×14=42)

7. The following expenses were incurred for a Job during the year ending 31-3-2016.

	<b>Rs.</b>
Direct Material	3,000
Direct Wages	4,000
Chargeable expenses	1,000
Factory overheads	2,000
Selling and distribution overheads	2,000
Administration overheads	3,000
Selling price of the job	18,000



You are required to prepare a statement of Cost and Profit from the Job and an estimated price of a Job which is to be executed in the year 2017. Materials, wages and chargeable expenses will be required of Rs. 5,000, Rs. 7,000 and Rs. 2,000 respectively for the Job. The various overheads to be recovered on the following basis.

- a) Factory overheads as a percentage of direct wages.
  - b) Administration and selling and distribution overheads as a percentage of works cost.
  - c) Selling price of the estimate is to be calculated by applying rate of profit on cost of sales of 2016.
8. The following transactions were made during the month of April 2016. Prepare Stores Ledger Account by FIFO and LIFO methods.

1 – 4 – 2016	Opening stock of materials 1500 units @ Rs. 12 p.u.
2 – 4 – 2016	Issued 200 units
4 – 4 – 2016	Purchased 1000 units at Rs. 15 per unit
8 – 4 – 2016	Issued 1200 units.
12 – 4 – 2016	Purchased 600 units at Rs. 20 per unit
15 – 4 – 2016	Issued 650 units
20 – 4 – 2016	Returned to stores from issue of April 02 100 units
24 – 4 – 2016	Purchased 300 units @ Rs. 25 per unit
28 – 4 – 2016	Issued 250 units
30 – 4 – 2016	Issued 300 units.

9. The Maruthi Co. is having 4 departments A, B, and C are production department and D is a service department the Actual Cost for a period are as follows :

	Rs.
Rent	20,000
Repair	12,000
Depreciation	9,000
Lighting	2,000
Supervision	30,000
Insurance on Materials	10,000
Employees Insurance	3,000
Power	18,000

The following data are also available in respect of four departments.

	A	B	C	D
Area in Sq. feet	150	110	90	50
No. of Workers	24	16	12	8
Total Wages in (Rs.)	8,000	6,000	4,000	2,000



Value of plant (Rs.)	24,000	18,000	12,000	6,000
Value of stock	15,000	9,000	6,000	-

Apportion the cost to various departments on the most equitable basis and service department cost to production department in 4 : 4 : 2 ratio.

10. From the following particulars calculate the earnings of a worker under

- 1) Straight Piece rate
- 2) Differential piece rate
- 3) Halsey Bonus plan (50% sharing) and
- 4) Rowan premium scheme

Weekly working hrs	40
Piece rate per piece	Rs. 5
Hourly rate of wages	Rs. 15
Normal time taken per piece	20 minutes
Normal output per week	120 pieces
Actual output of the worker per week	150 piece

**Differential piece rate :**

- a) 80% of piece rate for output below normal output
- b) 120% of piece rate for output above normal output.

11. From the following figures prepare a Reconciliation Statement and find out profit as per financial accounts.

	Rs.
a) Net profit as per Cost Accounts	3,44,800
b) Works overhead under recovered	6,240
c) Administration overhead recovered in excess	3,400
d) Depreciation charged in Financial Accounts	22,400
e) Depreciation recovered in Cost books	25,000
f) Interest included in Financial books only	16,000
g) Obsolescence loss charged in Financial Accounts	11,400
h) Income tax provided in Financial only	80,600
i) Bank Interest and transfer fees Credited in Financial books	1,500
j) Depreciation of stock charged in Financial books	13,500
k) Stores Adjustments credited in Financial Accounts	950