

**IV Semester B.B.A. Examination, May 2016
(Fresh) (CBCS) (Semester Scheme) (2015-16 and Onwards)
BUSINESS ADMINISTRATION
Paper – 4.6 : Cost Accounting**

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written completely in English.

SECTION – A

1. Answer **any five** sub-questions of the following. **Each** sub-question carries **two** marks. **(5×2=10)**
- a) What do you mean by Cost Accounting ?
 - b) State the classification of materials.
 - c) What is indirect labour ? Give two examples.
 - d) State the functional classification of overheads.
 - e) State the need for reconciliation between Cost and Financial Accounts.
 - f) Find out EOQ using the data given. Annual usage 4000 units. Cost of material Rs. 2 per unit cost of placing and receiving an order Rs. 5. Annual carrying cost of one unit 8% of inventory value.
 - g) Give any four examples of administrative overhead.

SECTION – B

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

2. State any six differences between Financial Accounting and Cost Accounting.
3. From the following data prepare a cost sheet of Anu Ltd. showing cost per unit and profit for the period ending 31-3-14.

	Rs.
Opening stock of raw materials	30,000
Purchase of raw materials	1,50,000
Closing stock of raw materials	15,000
Direct wages	75,000
Machine hours worked	15,000
Machine hour rate	1.25
Office overhead 25% of works cost	
Selling overhead Rs. 2 per unit	
Rate of profit 20% on cost	
Units produced and sold 5000 units.	

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4. Santosh Manufacturing Company Limited uses a material as follows :
- Maximum consumption 1350 units/week
 - Minimum consumption 450 units/week
 - Normal consumption 750 units/week
 - Re-order period 3 to 5 weeks
 - Re-order quantity 5400 units
- Calculate : (a) Re-order level (b) Minimum level (c) Maximum stock level.
5. A worker takes 54 hours to complete a job on daily wages and 36 hours on a scheme of payment by results. His day rate is Rs. 75 per hour calculate his earnings using (a) Halsey plan (b) Rowan plan.
6. The following is the budget of Shashankh Manufacturing Company Limited for the year 2015.

	Rs.
Factory overheads	56,000
Direct materials cost	84,000
Direct labour cost	1,12,000
Direct labour hours	28000 hours

Calculate overhead absorption rates using the following methods :

- a) Direct material cost percentage method.
- b) Direct labour cost percentage method.
- c) Direct labour hour rate method.

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 31-3-2015.

	Rs.
Direct material	60,000
Direct wages	80,000
Direct expenses	20,000
Factory overhead	40,000
Administration o/h	60,000
Selling and distribution expenses	40,000
Selling price of the above job	3,60,000

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 2016. Materials , Wages and Chargeable exps. will be required of Rs. 15,000, Rs. 21,000 and Rs. 6,000 respectively for the job. The various overheads to be recovered on the following basis while calculating the price.

- 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 2015.

8. The following transactions took place in respect of Material 'X' during March 2015.

- 1-3-15 Opening stock of materials 500 units @ Rs. 1.50 per unit
- 2-3-15 Purchases 2000 units @ Rs. 2.00 per unit
- 4-3-15 Purchases 3000 units @ Rs. 2.50 per unit
- 6-3-15 Issues 2500 units
- 8-3-15 Purchases 2500 units @ Rs. 2.70 per unit
- 10-3-15 Issues 2000 units

You are required to prepare a Stores Ledger Account using Simple Average Method and Weighted Average Method of pricing material issues.

9. A department has 3 machines. From the following data compute machine hour rates of these machines showing clearly the basis of apportionment.

	Rs.
Lighting	10,000
Insurance of building	21,000
Power consumption	2,20,000
Rent	60,000
Insurance of machines	36,900
Indirect labour	46,000
General expenses	1,84,800
Supervision expenses	60,000
Wages of operators	30,000 (to be apportioned equally)
Depreciation	72,000

The following additional information is available in respect of the above 3 machines.

Particulars	M ₁	M ₂	M ₃
HP of machines	25000	20000	10000
Area occupied (sq.ft.)	80	120	40
Value of machines (Rs. in lakhs)	24	32	16
No. of light points	8	24	48
No. of M/c hours (in hrs.)	24000	12000	24000
Direct labour (in Rs.)	1200	2400	2400
No. of employees (In Nos.)	8	24	48

10. a) A workman's wages for a guaranteed 48 hour week is Rs. 25 per hour. Estimated time to produce one article is 20 minutes and under incentive scheme time allowed is increased by 80%. During a week the workman produced 100 articles. Calculate his earnings under (a) Halsey plan (b) Rowan plan.
- b) Calculate the earnings of the workers under the following :
- Taylor's differential piece rate system.
 - Merrick's plan.
Time rate Rs. 30 per hour
Standard output per hour 6 units
Differential piece rates to be applied.
 - Low piece rate 80% of normal piece rate
 - High piece rate 120% of normal piece rate
 In a day of 8 hours. A produced 39 units B 45 units, C 48 units and D 50 units.
11. From the following figures prepare a Reconciliation Statement and ascertain the profit as per Financial Accounts.

	Rs.
Profit as per Cost Accounts	1,88,460
Income tax provided in Financial Books	10,000
Bank interest credited in Financial Books	250
Works overhead under recovered in Cost Accounts	1,550
Depreciation charged in Financial Accounts	5,600
Depreciation recovered in Cost Accounts	6,000
Administration overhead over recovered in Cost A/c's	850
Loss due to obsolescence charged in Financial A/c's	2,800
Interest on investment not included in Cost A/c's	4,000
Stores Adjustment (Cr. in Financial Accounts)	240
Loss due to depreciation in stock values Charged in Financial Accounts	3,350
Transfer fee (Cr. in Financial Books)	5,500
Provision for doubtful debts provided in Financial Books	1,250
Preliminary expenses written off in Financial Books	800