

Reg. No. : .....

Code No. : 30629 E      Sub. Code : CMBA 41

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2023.

Fourth Semester

Business Administration – Core

COST ACCOUNTING

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Basic objective of cost accounting is \_\_\_\_\_.  
(a) tax compliance      (b) financial audit  
(c) cost ascertainment      (d) none of these
  
2. Elements of cost are \_\_\_\_\_.  
(a) Three types      (b) Two types  
(c) Four types      (d) Five types

3. Material requisition is meant for \_\_\_\_\_.
- (a) Purchase of material
  - (b) Supply of material from stores
  - (c) Sale of material
  - (d) Storage of material
4. FIFO is \_\_\_\_\_.
- (a) Fast investment in future order
  - (b) First in first out
  - (c) Fast in fast out
  - (d) Fast issue of fast order
5. Labour turnover is \_\_\_\_\_.
- (a) Productivity of labour
  - (b) Efficiency of the labour
  - (c) Change in labour force
  - (d) Total cost of the labour
6. Marris multiple piece rate system has \_\_\_\_\_.
- (a) Two rates
  - (b) Three rates
  - (c) Four rates
  - (d) Five rates

7. Depreciation of plant and machinery is a part of \_\_\_\_\_.
- (a) Factory overhead
  - (b) Selling overhead
  - (c) Distribution overhead
  - (d) Administration overhead
8. Appropriate basis for apportionment of material handling charges is \_\_\_\_\_.
- (a) material purchased
  - (b) material in stock
  - (c) material consumed
  - (d) material wasted
9. Cost unit of a sugar industry can be \_\_\_\_\_.
- (a) per litre
  - (b) per tonne
  - (c) per acre
  - (d) per metre
10. Job costing used in \_\_\_\_\_.
- (a) paper mills
  - (b) chemical works
  - (c) printing works
  - (d) textile mill

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) Define 'cost', 'costing', 'cost accounting' and 'cost accountancy'.

Or

- (b) Describe in brief three major elements of cost.

12. (a) Explain the advantage of simple average method of stores ledger preparation.

Or

- (b) Find out the Economic Order Quantity (EOQ) from the following particulars :

Annual usage : 6000 units

Cost of material per unit : Rs. 20

Cost of placing and receiving one order : Rs. 60  
Annual

Carrying cost of one unit : 10% of inventory value.

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13. (a) Explain the types of idle time.

Or

- (b) Rate per hour = Rs. 1.50 per hour

Time allowed for job = 20 hours

Time taken = 15 hours.

Calculate the total earnings of the worker under the Halsey plan. Also find out effective rate of earning.

14. (a) Indicate the basis you would adopt for apportionment of the following items of overhead expenses to different departments

(i) Factory rent

(ii) Power

(iii) Welfare expenses

(iv) Sundry expenses.

Or

- (b) Calculate the overhead allocable to production department A and B from the following :

There are two service departments X and Y. X renders service to A and B in the ratio of 3 : 2 and Y renders service to A and B in the ratio of 9 : 1. Overhead as per primary overhead distribution is

A – Rs. 49,800

B – Rs. 29,600

X Rs. 15,600

Y Rs. 10,800

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15. (a) The following data is available in respect of Job No. 876 :

Direct materials : Rs. 17,000; Wages 160 hours at Rs. 50 per hour. Variable over heads incurred for all Jobs Rs. 80,000 for 2,000 labour hours. Fixed overheads are absorbed at Rs. 20 per hour.

Find the profit or loss from the Job if the job is billed for Rs. 40,000.

Or

- (b) A product passes through two processes. The following details relate to process 'A'. You are required to ascertain the process cost to be transferred to process 'B'.

	Rs.
Direct materials (1000 units)	12,000
Direct wages	8,000
Direct expenses	5,000
Overheads	11,000

Input 1000 units : Output 1000 units as there was no loss of units.

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b).  
Each answer should not exceed 600 words.

16. (a) What is difference between financial accounting and cost accounting?

Or

- (b) Prepare cost sheet from the following data :

Particulars	Rs.	Rs.
Direct material consumed		5,00,00
Direct wages paid		4,00,00
Chargeable expenses		1,00,00
Indirect materials :		
Used in factory	8,000	
Used in office	12,000	
Used in selling	6,000	
Used in distribution	4,000	3,00,00
Indirect labour :		
In factory	15,000	
In office	20,000	
In selling	18,000	
In distribution	12,000	65,000

Particulars	Rs.	Rs.
Indirect expenses :		
Relating to factory	6,000	
Relating to office	3,000	
Relating to selling	1,000	10,000

17. (a) Explain the methods of pricing material issues.

Or

- (b) Two components X and Y are used as follows :

Minimum usage : 50 units per week each

Maximum usage : 150 units per week each

Normal usage : 100 units per week each

Ordering quantities : X – 600 units

Y – 1000 units

Delivery period : X – 4 to 6 weeks

Y – 2 to 4 weeks.

Maximum reorder period for emergency purchases X : 2 weeks , Y : 2 weeks. Calculate for each component.

- (i) Reordering level  
(ii) Maximum level  
(iii) Minimum level  
(iv) Danger level

18. (a) Explain the causes of labour turnover.

Or

- (b) In a factory workers are paid at Rs. 50 per hour. During the month of April 2020, there were 25 working days of 8 hours each.

There is also a 'piece work plan' where in Rs. 10 is to be paid per piece produced.

During the month worker 'X' produced on average 48 pieces per working day.

Ascertain the wages of workers 'X' under

- (i) Time wages  
(ii) Piece wages.

19. (a) Kumaresh Ltd., has three production departments 'A', 'B' and 'C' and two service departments 'D' and 'E'. The following figures are extracted from the records of the company.

	Rs.
Rent and rates	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General lighting	600
Power	1500
Sundries	10,000

Following further details are available :

	Total	A	B	C	D	E
Floor space in square feet	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
HP of machines	150	60	30	50	10	-
Value of machinery (Rs.)	2,50,000	60,000	80,000	1,00,000	50,000	5,000

Apportion the cost of various departments on the most equitable basis by preparing a primary departmental distribution summary.

Or

(b) A factory has three services departments L, M and N and two production departments - X and Y. The following are the expenses allocated and apportioned to the departments as per primary distribution summary.

	L	M	N	X	Y
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	10,000	8,000	12,000	30,000	40,000

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The following additional information is also variable on the basis of a detailed analysis made.

	Service department			Production departments	
	L	M	N	X	Y
L's service used	-	20%	30%	30%	20%
M's service used	-	-	40%	30%	30%
N's service used	-	-	-	60%	40%

Prepare a statement showing apportionment of service department overheads under the step method.

20. (a) Distinguish between Job and Contract costing.

Or

(b) Ramola Products Ltd., produces Tin sheets for Industrial use, all of standards size and shape.

For the quarter ended 30<sup>th</sup> Sep. 2020 the following figures are available :

	Rs.
Stock of materials on 1.7.2020	55,000
Stock of materials on 30.9.2020	35,000
Factory wages	83,00,00

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	Rs.
Materials purchased	6,15,000
Sales	18,00,000
Indirect expenses	1,30,000
Finished stock on 1.7.2020	Nil
Finished stock on 30.9.2020	200 units

Number of Tin sheets manufactured during the quarter was 2,000

Prepare a statement showing cost per sheet, total cost and profit for the period.