

Reg. No. :

Code No. : 10659 E Sub. Code : CMBA 41

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

Fourth Semester

Business Administration – Core

COST ACCOUNTING

(For those who joined in July 2021-2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Cost incurred is identified with _____.
 - (a) Each Executive
 - (b) Each unit of output
 - (c) Each month
 - (d) None of these

2. Classification of cost is useful to _____.
- (a) Find gross profit
 - (b) Find net profit
 - (c) To identify costs
 - (d) None of these
3. Materials purchase budget is prepared on the basis of _____.
- (a) Material sales budget
 - (b) Material consumption budget
 - (c) Material production budget
 - (d) Material budget
4. EOQ stands for _____.
- (a) Economic Order Quantity
 - (b) Essential Order Quantity
 - (c) Economic Output Quantity
 - (d) Essential Output Quantity
5. Labour cost is the second element of _____.
- (a) Cost
 - (b) Profit
 - (c) Sales
 - (d) Task
6. Overtime Premium is paid _____.
- (a) At normal rate
 - (b) Below the normal rate
 - (c) At 50% of the normal rate
 - (d) At double normal rate
7. Overhead cost is the total of _____.
- (a) All indirect costs
 - (b) All direct costs
 - (c) Indirect and direct costs
 - (d) All specific costs
8. Departmentalisation of overhead is known as _____.
- (a) Primary distribution
 - (b) Secondary distribution
 - (c) Absorption
 - (d) None of these
9. Toy manufacturing industry stand use _____.
- (a) Unit costing
 - (b) Process costing
 - (c) Batch costing
 - (d) Multiple costing

10. Process cost is ascertained and recorded in _____.

- (a) Balance sheet
- (b) Profit and loss a/c
- (c) Separate statement
- (d) Separate ledger a/c

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the difference between costing and cost accounting.

Or

(b) Explain the meaning of prime cost.

12. (a) Explain the limitation of weighted average method.

Or

(b) Following information relating to type of material is available :

Annual Demand = 2400 units

Unit price Rs. 2.40

Ordering cost per order Rs. 4.00

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Storage cost 2% per annum

Interest rate 10% per annum

Lead time half month

Calculate Economic Order Quantity.

13. (a) Standard time per price = 12 hours

Time worked X = 9 hours Y = 8 hours

Working hourly rate = 0.50

Calculate the earnings of X and Y under the Rowan Plan.

Or

(b) Explain the methods of Remuneration.

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

(i) Depreciation of plant and machinery

(ii) Indirect wages

(iii) Repairs to plant

(iv) Insurance of building.

Or

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- (b) A manufacturing company has four production departments and six service departments. From the following information briefly apportion the service departments overheads to production departments only.

Production Departments		Service Departments	
	Rs.		Rs.
P ₁	30,000	S ₁ (power)	18,000
P ₂	30,000	S ₂ (purchasing dept.)	15,000
P ₃	24,000	S ₃ (stores dept.)	12,000
P ₄	16,000	S ₄ (canteen)	9,000
		S ₅ (Labour welfare)	6,000
		S ₆ (Time keeping)	4,500

Additional information :

	P1	P2	P3	P4
Horse power and machine	600	600	300	300
Value of materials purchased (Rs. in lakhs)	5	4	4	2
Number of stores requisitions	4	3	3	2
Number of workers	18	16	14	12

15. (a) Calculate the economic batch quantity for a product using batch costing from the following details:

Annual demand for the product = 2000 units

Set up cost per batch = Rs. 10

Cost of carrying inventory per unit = Rs. 1.

Or

- (b) Srikar & Co., produces a product through two processes 'J' and 'K'. Prepare the process accounts from the following details relating to March 2018.

	Process J	Process K
	Rs.	Rs.
Material	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain various elements of cost.

Or

- (b) Calculate prime cost, factory cost, cost of production, cost of sales and profit from the following particulars

	Rs.	Rs.	
Direct materials	1,00,000	Depreciation :	
Direct wages	30,000	Factory plant	500

	Rs.		Rs.
Wages and foreman	2,500	Office premises	1,250
Electric power	500	Consumable stores	5,000
<u>Lighting :</u>		Manager's salary	5,000
Factory	1,500	Director's fees	1,250
Office	500	Office stationery	500
Storekeeper's wages	1,000	Telephone charges	125
Oil and water	500	Postage and Telegrams	250
<u>Rent :</u>		Salesman's salaries	1,250
Factory	5,000	Travelling expenses	500
Office	2,500	Advertising	1,250
<u>Repairs and Renewable :</u>		Warehouse charges	500
Factory plant	3,500	Sales	1,89,500
Office premises	500	Carriage outward	375

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	Rs.		Rs.
Transfer to reserves	1,000	Income tax	10,000
Discount on shares written off	500		
Dividend	2,000		

17. (a) Explain (i) Reorder level (ii) safety level (iii) minimum level (iv) maximum level.

Or

- (b) From the following particulars, prepare the stores ledger under Last in First Out method.

Dec. 1	Stock in hand	500 units at Rs. 20
Dec. 2	Issues	200 units
Dec. 3	Purchased	150 units at Rs. 22
Dec. 4	Issued	100 units
Dec. 5	Purchased	200 units at Rs. 25

18. (a) From the following data given by the personal department calculate the labour turnover rate by applying.
- Separation method
 - Replacement method
 - Flux method.

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No. of workers on the payroll:

At the beginning of the month 900

At the end of the month 1,100.

During the month 10 workers left; 40 workers were discharged and 150 workers were recruited. Of these, 25 workers are recruited in the vacancies of those learning while the rest engaged for an expansion scheme.

Or

- (b) In a factory workers are paid at Rs. 50 per hour. During month of April 2021, 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 worker 'X' under

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

19. (a) P.H. Ltd. is a manufacturing company having three production department A, B and C and two service department X and Y. The following is the total of overheads as per primary distribution.

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Rs.

A 4,100

B 2,700

C 6,200

X 4,200

Y 5,300

A technical assessment for apportionment of service departments is as under :

	A %	B %	C %	X %	Y %
X	45	15	30	—	10
Y	60	35	—	5	—

You are required to prepare secondary distribution summary under trial and error method and arrive at the overhead finally charged to each production department.

Or

- (b) Discuss the classification of overhead costs.
20. (a) A company's costing records reveal the following

Rs.

Materials 5,00,000

Wages 4,00,000

Works overhead 1,00,000

Office overhead 2,00,000

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The company has been manufacturing a uniform product.

A quotation is to be prepared for the supply of 100 units of the product. Estimated cost of materials and wages per unit are Rs. 250 and Rs. 200 respectively. Required profit on the quotation is 20%. Ascertain the quotation for 100 units of the product, based on the figures revealed by the costing records.

Or

- (b) Prepare a process account from the following along with abnormal loss account and normal loss account.

Material issued to process 1000 kgs at Rs. 200 each; wages Rs. 1,40,000 and overhead Rs. 20,000. Normal loss 10% of input. Actual output 800 kgs.