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IV Semester B.B.A. Degree Examination, September/October - 2022

BUSINESS ADMINISTRATION

Cost Accounting

(CBCS Scheme Repeaters 2018)

Paper : 4.6

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answers should be written in English only.

SECTION-A

Answer any **Five** sub-questions of the following. Each sub-question carries **Two** marks. (5×2=10)

1. a. Give the meaning of Direct Materials.
- b. What is Time - booking?
- c. What is a Reconciliation statement?
- d. Define Cost Accounting.
- e. How do you calculate bonus under Halsey Premium Bonus Plan?
- f. Define Overhead.
- g. What is Bin Card?

SECTION - B

Answer any **Three** of the following. Each question carries **Six** marks. (3×6=18)

2. Realtech Corporation have separate cost and financial records. The profit as per financial records arrived at Rs. 34,678. The following information is available :
 - a. The firm received Rs. 22,385 as Income from investments.
 - b. An amount of Rs. 49,506 has been paid by the firm as interest to bank during the year.
 - c. A machine with book value of Rs. 44,800 was sold for Rs. 48,000.
 - d. Depreciation accounted in cost accounts Rs. 44,800 and in financial accounts Rs. 49,750.
 - e. Closing stock accounted in cost accounts Rs. 1,42,000, and in financial accounts Rs. 1,64,800.
 - f. Opening stock shown in cost accounts Rs. 1,14,000 where as in financial accounts Rs. 1,01,500.
 You are required to prepare reconciliation statement.

3. From the following figures prepare a cost sheet showing cost per unit and profits.
 - Direct Materials consumed Rs. 90,000.
 - Direct Labour Rs. 45,000.
 - Machine hours worked 3,000 hours.
 - Machine hour rate Rs. 5 per hour
 - Office and Administrative overheads 10% of factory cost.
 - Selling overheads Rs. 2 per unit.
 - No. of units produced 5,000
 - No. of units sold 4,500 @ Rs. 45 each.



[P.T.O.]



4. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 48 hours week is Rs. 2,400. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive schemes. What will be the earnings per hour of that worker under Halsey (50% sharing) and Rowan Bonus Schemes?
5. From the following particulars relating to material 'Z' calculate :
- Minimum Level
 - Maximum Level.
 - Re-order Level and
 - Average stock - Level.
- | | | |
|---------------------|---|--------------------|
| Normal consumption | - | 150 units per week |
| Maximum consumption | - | 200 units per week |
| Minimum consumption | - | 100 units per week |
| Re-order quantity | - | 2000 units |
| Re-order period | - | 3 to 5 weeks. |
6. Calculate machine hour rate from the following :
- | | |
|--|-----------------------|
| Cost of the machine | Rs. 1,00,000 |
| Installation charges | Rs. 18,000 |
| Scrap value after 10 years | Rs. 10,000 |
| Rent, Rates and taxes of the shop per year | Rs. 4,800 |
| Supervisor's salary per annum | Rs. 24,000 |
| Power 3 units per hour @ Rs. 6 per unit | |
| Estimated working hours of the machine | 2,400 hours per year. |

SECTION - C

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

7. The net profits of a company appeared at Rs. 99,060 as per financial accounts for the year ended 31.03.2022. The cost books, however, revealed a net profit of Rs. 1,21,490 for the same period. A careful scrutiny of the figures from both the sets of accounts revealed the following facts :
- | | |
|--|------------|
| Interest on investments not included in cost accounts | Rs. 9,810 |
| Bank interest credited in financial book | Rs. 8,880 |
| Works overheads under recovered in cost books | Rs. 4,000 |
| Depreciation charged in financial books | Rs. 15,400 |
| Income tax provided in financial books | Rs. 28,000 |
| Administrative overheads over recovered in cost books | Rs. 6,850 |
| Depreciation recovered in cost books | Rs. 10,300 |
| Loss due to obsolescence in financial accounts | Rs. 1,300 |
| Stores adjustments (credited in financial books) | Rs. 1,820 |
| Loss due to depreciation in stock values charged in financial accounts | Rs. 11,390 |
- Prepare Reconciliation statement.



8. ABC Ltd. has three production departments and two service departments. From the following details prepare (i) the primary overhead distribution summary and (ii) secondary overhead distribution summary using repeated distribution method.

Particulars	Production Department		Service Department		
	P1	P2	P3	X	Y
Direct materials (Rs.)	40000	50000	30000	5000	10000
Direct wages (Rs.)	50000	30000	40000	10000	10000
Value of machinery (Rs.)	3,00,000	4,00,000	2,00,000	-	1,00,000
Floor area (Sq.ft)	2,500	3,000	2,000	1,500	2,000
HP of machines	300	400	200	-	100
No. of light points	30	30	40	20	30
No. of labour hours	4000	5000	6000		

Other Details :

Particulars	Rs.
Indirect Materials	27,000
Indirect Wages	21,000
Depreciation on machinery	1,00,000
Depreciation on buildings	33,000
Rents, rates and taxes	11,000
Electric power	40,000
Lighting	15,000
General expenses	14,000

The service rendered by each service departments is as under :

Particulars	Production Department			Service Department	
	P1	P2	P3	X	Y
Service department X	30%	20%	30%	--	20%
Service department Y	50%	10%	30%	10%	--

9. The Managing Director of a SMC limited consults you as to the minimum price at which he can sell the output. The company record show the following particulars relating to last year.

Number units produced and sold	1,000
Direct Materials	Rs. 50,000
Direct labour	Rs. 30,000
Direct wages	Rs. 20,000
Works - on - cost	Rs. 80,000
Office - on - cost	Rs. 20,000
Selling - on - cost	Rs. 50,000
Profit	Rs. 50,000
Total	Rs. 3,00,000

It is ascertained from the records that :

- 25% of the works on cost fluctuates directly with the production and 50% of the selling on cost fluctuates directly with sales.
- It is estimated that the department would produce 2,000 units per annum next year, and Direct labour charges per unit will be reduced by 10%.
- The fixed works on cost will increase by Rs. 5,000.
- The office on cost and fixed selling onn cost are anticipated to show an increase of 50%.

Prepare a statement for submission to your client.

[P.T.O.]

(4)

10. Prepare a stores ledger by using First in First Out and Last in First Out method of pricing of material issues, for the following transactions :

Material : M28965
 Minimum Level : 500 units
 Maximum Level : 5,000 units
 Re-order level : 1,750 units
 Re-order Quantity : 4,000 units

Transactions for the Month of June 2022

01-06-2022	Opening balance	600 units	@ Rs. 5.00 per unit
02-06-2022	Purchases	3,000 units	@ Rs. 5.50 per unit
03-06-2022	Issued to production	2,750 units	
05-06-2022	Issued to production	250 units	
06-06-2022	Purchases	4,000 units	@ Rs. 4.75 per unit
08-06-2022	Purchases	3,000 units	@ Rs. 4.90 per unit
09-06-2022	Issued to production	5,000 units	
09-06-2022	Received back from production	200 units	(issued on 03-06-2022)
14-06-2022	Issued to production	1,250 units	
20-06-2022	Purchases	3,500 units	@ Rs. 5.00 per unit.
23-06-2022	Issued to production	2,800 units	
26-06-2022	Issued to production	1,000 units	
28-06-2022	Purchases	2,500 units	@ Rs. 4.90 per unit.
28-06-2022	Issued to production	900 units	

11. On the basis of the following information, calculate the earnings of workers P & Q under (a) Time rate system, (b) Straight piece rate system and (c) Taylor's differential piece rate system.

- a. Standard output - 6 units per hour
- b. Normal time rate - Rs. 60 per hour
- c. Differentials to be applied :
 - i. 80% of piece rate below standard.
 - ii. 120% of piece rate at or above standard.

In a day of 8 hours, Mr. P product 45 units and Mr. Q producted 55 units.