

Reg. No. :

Code No. : 30688 E Sub. Code : CMBA 41

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2024.

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. Basic objective of cost accounting is
 - (a) Tax compliance
 - (b) Financial audit
 - (c) Cost ascertainment
 - (d) Profit



2. Direct cost incurred can be identified with _____.
- (a) Each Department
 - (b) Each unit of output
 - (c) Each month
 - (d) Each executive
3. Scientific purchasing begins with _____.
- (a) Indenting
 - (b) Inspection
 - (c) Ordering
 - (d) Selection of the supplier
4. Goods received note is prepared by
- (a) Purchases
 - (b) Stores
 - (c) Finance
 - (d) Sales
5. Time _____ is necessary for payroll.
- (a) Keeping
 - (b) Records
 - (c) Booking
 - (d) Mustering

6. According to Taylor's Differential plan, the worker is paid according to his
- (a) Degree of efficiency
 - (b) Degree of understanding
 - (c) Degree of flexibility
 - (d) Degree of loyalty
7. Which of the following is a conventional method ascertaining cost
- (a) Absorption costing
 - (b) Full costing
 - (c) Both (a) and (b)
 - (d) None of the above
8. Absorption is also called
- (a) Allocation
 - (b) Sharing
 - (c) Overhead recovery
 - (d) None of the above
9. The main point of distinction between job and contract costing includes.
- (a) Length of time to complete
 - (b) Big jobs
 - (c) Activities to be done outside the factory area
 - (d) All of the above



10. Which of the following statements is true?
- (a) Job cost sheet may be used for estimating profit of jobs
 - (b) Job costing cannot be used in conjunction with marginal costing
 - (c) In cost plus contracts, a contractor runs a risk of incurring a loss
 - (d) In contract costing profit of each contract is computed when the contract is completed

PART B — (5 × 5 = 25 marks)

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

11. (a) Discuss the various elements of cost.

Or

- (b) Calculate Prime cost, Factory Cost, Cost of Production, Cost of Sales and profit from the following details:

Direct material Rs.10,000

Direct Labour Rs.4,000

Direct Expenses Rs.500

Factory Expenses Rs.1,500

Administrative Expenses Rs.1,000

Selling Expenses Rs.300

Sales Rs. 20,000

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12. (a) State the difference between bin card and stores ledger.

Or

- (b) Calculate the Economic Order Quantity from the following information. Also state the number of orders to be placed in a year.

Annual usage: 10,000 Kg.

Cost of placing an order: Rs.50

Price of material per Kg.: Rs.2

Cost of Storage: 8 %

13. (a) Distinguish between time rate system and piece rate system.

Or

- (b) On the basis of the following information, calculate the earnings of X and Y under Taylor's Differential Piece Rate System

Standard Production: 10 units per hour

Normal Time Rate: Rs. 5 per hour

X produced 80 units in a day of 10 hours

Y Produced 110 units in a day of 10 hours

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14. (a) Explain the various methods of segregating fixed and variable overhead costs.

Or

- (b) Rasi company has five departments, A, B, C and Dare producing departments and X is a service department. The actual costs for a period are ass follows:

Repairs	Rs. 20,000
Rent	Rs. 50,000
Depreciation	Rs. 12,000
Supervision	Rs. 40,000
Insurance	Rs. 15,000
Employer's liability of employees Insurance	Rs. 6,000
Light	Rs. 18,000

The following data are also available in respect of the five departs:

	Dept. A	Dept. B	Dept. C	Dept. D	Dept. X
Area Sq.ft	1,400	1,200	1,100	900	400
No. of Workers	250	200	100	100	50
Total Wages	Rs.1,00,000	Rs.80,000	Rs.50,000	Rs.50,000	Rs.20,000
Value of Plant	Rs.2,00,000	Rs.1,80,000	Rs.1,60,000	Rs.1,00,000	Rs.60,000
Value of stock	Rs.1,50,000	Rs.1,00,000	Rs.50,000	Rs.20,000	-

Apportion the costs to the various departments on the equitable basis.

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15. (a) Discuss the procedure for job costing accounting.

Or

- (b) Compute the economic batch quantity for a company using batch costing with the following information:

Annual demand for the parts	4,000 units
Setting up cost	Rs. 100
Cost of manufacture: One unit	Rs. 200
Rate of interest per annum:	10%

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 advantages of cost accounting.

Or

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- (b) The following data relate to the manufacture of a product during the month of August

Raw materials consumed Rs. 49,000

Direct wages Rs. 98,000

Taxes and Insurance (Factory)- Rs. 750

Light and Water Rs. 1,000

Direct Expenses Rs. 12,500

Depreciation Rs. 2,000

Factory Rent Rs. 1,500

Unproductive labour Rs. 41,000

Factory Repairs Rs. 4,500

Office overhead Rs. 12,000

Prepare a cost sheet for the production of 16,000 units of a product X and show cost per unit.

17. (a) Describe any three techniques of inventory control.

Or

- (b) Record the following transactions in Stores Ledger, pricing the materials under FIFO method:

May 1	Balance 50 units at Rs. 25 per unit
3	Received 300 units at Rs. 30 per unit
5	Issued 200 units
7	Issued 120 units
8	Received back 10 units (Issued on 7 th May)
10	Returned to vendor 15 units purchased on 3 rd May
15	Received 200 units at Rs. 32
18	Issued 150 units
19	Issued 50 units

The stock verifier found a shortage of 10 units on 20th and left a note.



18. (a) What are the characteristics of a good method of wage payment?

Or

- (b) Calculate the total earnings and the rate earned per hour of three workmen under Halsey and Rowan plans; the bonus under Halsey plan is 50% of the time saved.

Standard time 20 hours;

Hourly rate of wages Rs. 4

Time taken by A – 16 hours, B – 10 hours;

C – 8 hours.

19. (a) Explain the various bases of apportionment of overheads to departments with illustration as to the items of expenses.

Or

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- (b) A company has three production departments X, Y and Z and two service departments A and B. The expenses incurred by them during the month are:

X – Rs. 80,000

Y – Rs. 70,000

Z – Rs. 50,000

A – Rs. 23,400 B – Rs. 30,000

The service department expenses are apportioned to the production departments on the following basis:

on a percentage basis as follows:

Service Department	Production Departments			Service Departments	
	X	Y	Z	A	B
A	20 %	40 %	30 %	-	10 %
B	40 %	20 %	20 %	20 %	-

Show clearly as to how the expenses of A and B departments would be apportioned to the X, Y and Z departments.

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20. (a) What are the features of contract costing?

Or

(b) The information given below has been taken from the cost records of an engineering works in respect of the job No. 101

Materials – Rs. 4,010

Wages: Department A – 60 hours @ Rs. 3 per hour

Department B – 40 hours @ Rs. 2 per hour

Department C – 20 hours @ Rs. 5 per hour

The overhead expenses are as follows:

Variable: Department A – Rs. 5,000 for 5,000 hours

Department B – Rs. 3,000 for 1,500 hours

Department C – Rs. 2, Compute 000 for 500 hours

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Fixed expenses Rs. 20,000 for 10,000 working hours

Calculate the cost of the job no 101 and the price for the job to give a profit of 25 percent on the selling price.

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