(b) In manufacturing a product, 1000 kgs of raw materials at Rs. 8 per kg were supplied to process 'X'. Other expenses of the process were as follows:

Labour cost – Rs. 2000; production expenses – Rs. 1000 normal loss in the process has been estimated at 10% of the input and it could be sold at Rs. 2 per kg. The actual output in this process was 880 kgs which was transferred to process 'Y'.

Prepare process 'X' a/c and abnormal loss a/c.

Reg. No. : .....

Code No. : 22983 E **Sub. Code : SMBA 41**

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2019.

Fourth Semester

Business Administration — Main

COST ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. ———— accounting is concerned with accounting information that is useful to management

   (a) financial (b) management

   (c) cost (d) none of the above

2. Sunk cost is a cost relating to ————

   (a) the present (b) future

   (c) past (d) tax

3. _____ means a level at which normal issues of the material are stopped and issues are made only under specific instructions

(a) Minimum level (b) Maximum level

(c) Danger level (d) None of the above

4. ABC analysis is also known as _____

(a) Control by importance and exception

(b) Control by importance and exchange

(c) Control by exchange and exception

(d) None of the above

5. _____ is that time for which the employer pays, but from which he obtains no production

(a) Time card (b) Time keeping

(c) Job card (d) Idle time

6. Labour engaged in making the bricks in a kiln is an example of _____

(a) Direct labour (b) Indirect labour

(c) Both (a) and (b) (d) None of the above

7. Overhead cost is otherwise called as _____ cost

(a) burden (b) supplementary

(c) indirect (d) all the above

8. Method of costing adopted for building construction is _____ costing

(a) job (b) batch

(c) contract (d) none of the above

9. _____ is the cost of producing and maintaining a service

(a) operating costing (b) job costing

(c) batch costing (d) all the above

10. Scrap value of normal loss is _____

(a) Credited to P & L a/c

(b) Show in balance sheet

(c) Credited to process a/c

(d) Debited to process 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) Point out the objectives of cost accounting.

Or

(b) What are the advantages of cost accounting?

12. (a) Bring out the need for material control.

Or

(b) Find out EOQ from the following particulars:

Annual usage – Rs. 1,20,000; cost of placing and receiving are order Rs. 60; Annual carrying cost – 10% of inventory value.

13. (a) Calculate the normal and overtime wages payable to a workman from the following data

Days	Hours worked
Monday	8 hrs
Tuesday	10 hrs
Wednesday	9 hrs
Thursday	11 hrs
Friday	9 hrs
Saturday	4 hrs
Total	51 hrs

Normal working hours 8 hours perday; normal rate – Re. 1 per hr overtime rate: upto 9 hrs in a day at single rate and over 9 hrs in a day at double rate; or upto 48 hours in a week at single rate and over 48 hours at double rate whichever is more beneficial to workman.

Or

(b) From the following data provided to you find out labour turnover rate by applying:

(i) Flux method and

(ii) Separation method. No. of workers an the payroll – At the beginning of the month, At the end of the month.

During the month, 5 workers left, 20 persons were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

14. (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 overheads incurred for all jobs – Rs. 80,000 for 2000 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) Give the principles of apportionment of overhead costs.

15. (a) A cinema theatre has 3 types of accommodation-classes : 1, 2, 3 with weightages of 5, 3 & 1 respectively on the basis of their value. There are 30 days per month, four shows per day are conducted. The average seat occupancy is 75% but 10% of all the seats are occupied by 'free passes'. The actual seats in number were:

Class I – 100; class II – 300; class III – 800

Ascertain the 'man-shows' which from the basis for determining the prices of admission tickets.

Or

(b) Explain how process costing differs from job costing.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain in detail the classification of cost.

Or

(b) The following details have been obtained from the cost records of R Ltd

	Rs.
Stock of raw materials on 1.12/10	75,000
Stock of raw materials an 31.12.10	91,500
Direct wages	52,500
Indirect wages	2,750

	Rs.
Sales	2,11,000
Work in progress 1.12.10	28,000
Work in progress 31.12.10	35,000
Purchase of raw materials	66,000
Factory rent and power	15,000
Depreciation of plant and machinery	3,500
Expenses or purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods (1.12.10)	54,000
Stock of finished goods (31.12.10)	31,000

Prepare cost sheet giving the maximum possible break up of costs and profit.

17. (a) From the particulars given below write up the stores ledger card:

2007 January		
1	Opening stock	1000 units at Rs. 26 each
5	Purchased	500 units at Rs. 24.50 each
7	Issued	750 units
10	Purchased	1500 units at Rs. 24 each
12	Issued	1,100 units
15	Purchased	1000 units at Rs. 25 each

2007

January

17	Issued	500 units
18	Issued	300 units
25	Purchased	1500 units at Rs. 26 each
29	Issued	1500 units

Ascertain the value of closing stock by FIFO method.

Or

(b) Prepare a stores ledger a/c using weighted average method of pricing the issue of materials

2010

March

1 Balance 1000 units @ Rs. 70 per unit

3 Purchased 2000 units @ Rs. 80 per unit

5 Issued 500 units

10 Issued 1000 units

15 Purchased 2000 units at Rs. 80 per unit

18 Issued 400 units

2010

March

20 Received back 25 units out of the issue made on 5th March

22 Issued 1500 units

24 Returned to supplier 30 units out of the purchases made as15th march.

25 Purchased 1000 units at Rs. 75 per unit

30 Issued 1000 units

Physical verification on 21st March revealed a shortage of 15 units and 20 units shortage on 30th march.

18. (a) Calculate the earnings of a worker under

(i) Halsey premium plan and

(ii) Rowan scheme

Time allowed – 48 hours; Time taken – 40 hours; rate per hour – Re. 1

Or

(b) From the following, calculate earnings of a worker under:

(i) Time rate system

(ii) Piece wage rate.

Wage rate – Rs. 2 per hour; production per hour – 4 units; DA = Re. 1 per hour; Standard time fixed – 80 hours; actual time taken – 50 hours; production – 250 units.

19. (a) SS construction company undertook a contract for constructing a flyover for a total value of 24 lakhs as 1.1.2009. It was estimated that the contract would be completed by 31.7.2010. You are required to prepare a contract a/c for the year ending 31.12.2009.

Wages – Rs. 6,00,000; materials – Rs. 3,00,000; materials at site an 31.12.2009 – Rs. 40,000; special plant – 2,00,000; overheads-Rs. 1,20,000; work certified – Rs. 16,00,000; depreciation- 10% p.a. on plant.

Cash received is 80% of work certified. 8% of value of materials issued and 7% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as percentage of direct wages.

Or

(b) From the following, calculate machine hour rate.

Cost of machine – Rs.11,000

Scrap value – Rs. 680

Repairs for the effective working life – Rs. 1,500

Standing charges for 4 weekly period – Rs. 40

Effective working life 10,000 hours.

Power used : 6 units per hour at 5 paise per unit.

Hours worked in 4 weekly period : 120 hours.

20. (a) Product X goes through three operations before it is finished. Normal loss of operation is as follows:

Operation 1 = 25% of out put

2 = 1/6 of output

3 = 20% of output.

Compute the initial input required to obtain a final output of 100 units.

Or