

Reg. No. :

Code No. : 20616

Sub. Code : R 3 BA 41/
B 3 BA 41

B.B.A. (CBCS) DEGREE EXAMINATION,
APRIL 2013.

Fourth Semester

Business Administration — Main

COST ACCOUNTING

(For those who joined in July 2008 to 2011)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Unit costing is also known as
 - (a) Operating cost
 - (b) Job costing
 - (c) Batch costing
 - (d) Output costing
2. A segment of a business, responsible for all activities which involves in purchasing and sales in that segment is
 - (a) Profit center
 - (b) Cost center
 - (c) Accounts center
 - (d) Audit center

Factory overhead 125% on wages, office overhead 20% on works cost. Expected profit 25% on sales.

Calculate the price to be fixed per unit.

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3. Inventory turnover ratio is an indication of
 (a) Inventory control (b) Stores control
 (c) Production (d) Sales
4. A part of material lost in the process of production is
 (a) Waste (b) Scrap
 (c) Obsolescence (d) Spoilage
5. Taylor's wage payment method is called _____ piece rate system.
 (a) Straight (b) Multiple
 (c) Differential (d) None
6. The department prepares wages bill/pay bill is
 (a) Pay roll Department
 (b) Purchase Department
 (c) Sales Department
 (d) Production Department
7. Allocation and apportionment of overhead to production departments is known as
 (a) Secondary Distribution
 (b) Primary Distribution
 (c) Absorption
 (d) Amortization

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8. A cost does not change with change in activity level is
 (a) Variable cost
 (b) Fixed cost
 (c) Total cost
 (d) Semi variable cost
9. The price at which the item of output are offered for sale is known as
 (a) Tender (b) Cost
 (c) Profit (d) Sales
10. On cost is also called as
 (a) Prime cost (b) Overhead
 (c) Works cost (d) Sales

PART B — (5 × 5 = 25 marks)

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

11. (a) What are the advantages of cost accounting to the public?
 Or
 (b) Explain the classification of cost according to Normality.

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12. (a) Explain the perpetual inventory system.

Or

- (b) X Ltd has purchased and issued the material in the following order.

Jan	2005	1	Purchased 300 units at Rs. 5 per unit
		4	Purchased 600 units at Rs. 4 per unit
		6	Issued 500 units
		10	Purchased 700 units at Rs. 5 per unit

Prepare stores ledger and ascertain the closing stock as on 31.1.2005 under LIFO method.

13. (a) How do you control over time?

Or

- (b) Calculate the earnings of a worker from the following information under

- (i) Halsey plan and
- (ii) Rowan plan.

Information given :

Standard time : 30 hours

Time taken : 20 hours.

Hourly rate of wages Re. 1 per hour plus a dearness allowance at 50 paise per hour.

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14. (a) Write a note on under absorption.

Or

- (b) Explain the importance of overhead.

15. (a) The following cost data are available from the books for the year ended 31.12.05

	Rs.
Direct material	9,00,000
Direct wages	7,50,000
Profit	6,09,000
Selling and distribution overhead	5,25,000
Administrative overheads	4,20,000
Factory overheads	4,50,000

Prepare a cost sheet indicating the prime cost, works cost, production cost, cost of sales and sales value.

Or

- (b) How do you determine profit of an incomplete contract?

PART C — (5 × 8 = 40 marks)

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

16. (a) Explain the various methods of costing.

Or

- (b) Discuss the various types of costing.

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17. (a) Calculate Reorder level, Minimum stock level, Maximum stock level and Average stock level from the following information :

Normal usage	-	300 units per week
Maximum usage	-	450 units per week
Minimum usage	-	150 units per week
Reorder period	-	4 to 6 weeks
Reorder quantity	-	2,400 units

Or

- (b) XYZ Ltd. purchased and issued the material in the following order during March 2005.

1	Purchased	300 units at Rs. 3 per unit
5	Purchased	500 units at Rs. 4 per units
10	Issued	500 units
12	Purchased	700 units at 4.50 per unit
15	Issued	700 units
20	Purchased	300 units at Rs. 5 per unit
30	Issued	150 units

Prepare stores Ledger and Ascertain the quantity of closing stock as on 31st March and state its value under "Weighted average cost" method.

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18. (a) How Labour Turnover can be reduced.

Or

- (b) In a manufacturing concern the daily wages guaranteed for workers is Rs. 40. The standard output for the month is 1000 articles, representing 100% efficiency. The rate of wages is paid without bonus to those workers who shows up to $66\frac{2}{3}\%$ efficiency. Beyond this, bonus is payable in a graded scale.

Efficiency	Bonus
90%	10%
100%	20%

Further increase of 1% of bonus for every 1% further rise in efficiency. Calculate the total earnings of A, B, C and D who have worked 26 days in a month and produced as follows :

A 500 units B 900 units C, 1000 units D, 1200 units.

19. (a) Work out the machine hour rate for the following machine.

Cost of machine	Rs. 95,000
Installation charges	Rs. 10,000
Scrap value after 10 years	Rs. 5000
Working hours per month	200 hours

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Lighting	Rs. 150 per month
Rent	Rs. 200 per month
Insurance premium	Rs. 500 per year
Repair charge	50% of depreciation
Other standing charges	Rs. 1,000 per month
Power 10 units per hour at	Rs. 10 per 100 units

Or

- (b) In a Light Engineering. Factory the following particulars have been collected for 3 months period ending 31.12.2004. You are required to prepare Production Overhead Distribution summary showing clearly the basis of apportionment where necessary.

	Production Departments			Service Departments	
	A	B	C	D	E
Direct wages (Rs.)	2,000	1,000	4,000	1,000	2,000
Direct material (Rs.)	1,000	2,000	2,000	1,500	1,500
Staff (No)	100	150	150	50	50
Electricity (KWH)	4,000	3,000	2,000	1,000	1,000
Light points (Nos.)	10	16	4	6	4
Asset value (Rs.)	60,000	40,000	30,000	10,000	10,000
Area occupied (Sq.m)	150	250	50	50	50

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The expenses for the period were :

Motive power Rs. 550; Lighting power Rs. 100 stores; Overhead Rs. 400; Amenities to Staff Rs. 1,500; Depreciation Rs. 15,000; Repairs and maintenance Rs. 3,000; General overhead Rs. 6,000 and Rent and Taxes Rs. 275. Apportion the expenses of service department E in proportion of 3 : 3 : 4 and those of service Department "D" in the ratio of 3 : 1 : 1 to the departments A, B and C respectively.

20. (a) Explain the different elements of cost with examples.

Or

- (b) A factory produces 100 units of a commodity. The cost of production is :

Materials 10,000

Wages 5,000

Direct Expenses 1,000

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