

SUBJECT CODE

: SMBA41

Page No. /

CONFIDENTIAL

TITLE OF THE PAPER : Cost Accounting

Reg. No.....

Code No: SS22468E

Sub. Code: SMBA41

B.B.A (CBCS) DEGREE SPECIAL SUPPLEMENTARY EXAMINATION, APRIL 2020

FOURTH SEMESTER

BUSINESS ADMINISTRATION - Main

COST ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum: 75 marks

Part - A (10 X 1 = 10 marks)

Answer all questions, choose the correct answer

1. ----- is the technique and process of ascertainment of costs.
a) Cost accounting b) Financial accounting
c) Financial management d) None of the above
2. Fixed cost per unit ----- with increase in output.
a) Increases b) Decreases
c) Constant d) None of the above
3. The quantity of material to be ordered at one time is known as
a) Re-order level le b) Economic order quantity
c) Re-order quantity d) None of the above
4. First in first out method of valuing material issues is suitable in times of ----- prices.
a) Falling b) Rising
c) Constant d) None of the above
5. In Merrick's Multiple piece rate system, ----- piece rates are set for each job.
a) Two b) Three
c) Four d) None of the above
6. It denotes the percentage change in the labour force of an organisation.
a) Sales turnover b) Labour turnover
c) Strike d) None of the above
7. Basis of apportionment of welfare department expenses is
a) Direct wages b) Number of employees
c) Direct materials d) None of the above
8. In job costing each ----- is a cost unit to which all costs are assigned.
a) Contract b) Job
c) Batch d) None of the above
9. Operating costing is suitable for -----.
a) Job order business b) Contract ~~business~~ business
c) Sugar industries d) Service industries
10. The loss arising out of abnormal reason such as theft, fire etc is called as -----.
a) Normal loss b) Abnormal loss
c) Seasonal loss d) Standard loss

Continuation Sheet

SECTION – B (5X5=25 Marks)

Answer ALL questions choosing either (a) or (b) in 250 words.

11. a) What are the different methods of costing used for the ascertainment of cost?

(OR)

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

Rs.

Direct materials	10,000
Direct wages	5,000
Direct expenses	1,000
Factory overheads	6,500
Administrative overheads	3,480

If a profit of 25% on sales is to be realized, what would be the selling price of each unit of the commodity?

12. a) What are the advantages of material control?

(OR)

- b) Calculate maximum level, minimum level and re-order level from the following:

Re-order quantity	1,500 units
Re-order period	10-15 days
Normal re-order period	12 days
Maximum consumption	150 units per day
Normal consumption	120 units per day
Minimum consumption	100 units per day

13. a) Distinguish between overtime and idle time.

(OR)

- b) Using the following data, calculate the wage payable to a workman under the Halsey plan and Rowan plan.

Time allowed = 40 hours; Time taken = 32 hours and Rate per hour = Rs.5.00

14. a) What are the distinguishing features of contract accounts?

(OR)

- b) The monthly budget of a department is as under:

Direct materials	Rs.45,000
Direct labour	Rs.60,000
Overheads	Rs.90,000
Direct Labour hour	15,000
Machine hour	30,000

Find out the overhead recovery rate based on the following methods of absorption of overheads:

- i) Direct labour hour method, ii) Direct labour cost method; iii) Machine hour method; iv) Direct material cost method

15. a) What are the main objectives of
- ^{job}
- motor transport costing?

(OR)

- b) In process B, 75 units of a commodity were transferred from Process A at a cost of Rs.1,310. The additional expenses incurred by the process were Rs.190. 20% of the units entered are normally lost and sold @ Rs.4 per unit. The output of the process was 70 units. Prepare Process B account and Abnormal Gain Account.

SECTION – C (5X8=40 Marks)

Answer ALL questions choosing either (a) or (b) in 600 words.

16. a) Distinguish between financial accounting and cost accounting.

(OR)

- b) Following information has been obtained from the records of a Manufacturing Company:

	1.1.2019	31.12.2019
	Rs.	Rs.
Stock of Raw Materials	40,000	50,000
Stock of Finished Goods	1,00,000	1,50,000
Stock of work-in-Progress	10,000	14,000

Transactions during the year:

	Rs.		Rs.
Indirect Labour	50,000	Administration expenses	1,00,000
Lubricants	10,000	Power	30,000
Insurance on plant	3,000	Direct Labour	3,00,000
Purchase of Raw Materials	4,00,000	Depreciation on Machinery	50,000
Sale commission	60,000	Factory Rent	60,000
Salaries of salesmen	1,00,000	Property tax on factory building	11,000
Carriage outward	20,000	Sales	12,00,000

Prepare a Statement of Cost showing the components of total cost and profit.

17. a) Discuss the various techniques of material control.

(OR)

- b) Show the Stores Ledger entries as they would appear when using a) LIFO method and b) weighted average method of pricing issues, in connection with the following transactions:

	Unit	Price (Rs.)
May 1 Purchase	300	3.00
May 4 Purchase	600	4.00
May 6 Issue	400	
May 10 Purchase	600	4.00
May 15 Issue	1000	
May 20 Purchase	400	5.00
May 23 Issue	200	

18. a) Discuss the causes of labour turnover and its effect on cost of production.

(OR)

- b) The standard hours of Job X is 100 hours. The job has been completed by Amar in 60 hours, Akbar in 70 hours and Anthony in 95 hours.
The bonus system applicable to the job is as follows:

Percentage of time saved to time allowed	Bonus
Saving upto 10%	10% of time saved
From 11% to 20%	15% of time saved
From 21% to 40%	20% of time saved
From 41% to 100%	25% of time saved

The rate of pay is Re.1 per hour. Calculate the total earnings of each worker and also the rate of earnings per hour.

19. a) Describe the various methods of absorption of factory overheads. Which of these methods do you consider most scientific and why?

(OR)

- b) S.V.Construction Ltd. have obtained a contract for the construction of a bridge. The value of the contract is Rs.12 Lacs and the work commenced on 1st October, 2018. The following details are shown in their books for the year ended 30th September, 2019:
Plant purchased Rs.60,000; Wages paid Rs.3,40,000; Materials issued to site Rs.3,36,000; Direct expenses Rs.8,000; General overhead apportioned Rs.32,000; Wages accrued as on 30.09.2019 Rs.2,800; Materials at site as on 30.09.2019 Rs. 4,000; Direct expenses accrued as on 30.09.2019 Rs.1,200; Work not yet certified at cost Rs.14,000; Cash received being 80% of work certified Rs.6,00,000. Life of plant purchased is 5 years and scrap value is nil.
- Prepare the contract account for the year ended 30th September, 2019.
 - Show the amount of profit which you consider might be fairly taken on the contract and how you have calculated it.

20. a) Explain normal loss, abnormal loss and abnormal gain and state how they should be dealt with in process cost accounts.

(OR)

- b) A transport Service Company is running 4 buses between two towns which are 50 kms. apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for April, 2019:
Wages of drivers, conductors and cleaners Rs.2,400; Salaries of office and Supervisory staff Rs. 1,000; Diesel oil and other oils Rs.4,000; Repair and maintenance Rs.800; Taxation, Insurance, etc. Rs.1,600; Depreciation Rs.2,600; Interest and other charges Rs.2,000.
Actual passengers carried were 75% of the seating capacity. All the four buses ran on all the days of the month. Each bus made one round trip per day. Find out cost per passenger km.
