Reg. No. : ...................................

**Code No. : 12678** **Sub. Code : GMBA 41**

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2017.

Fourth Semester

Business Administration – Main

COST ACCOUNTING

(For those who joined in July 2012-2015)

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL questions. Each question carries 1 mark.

Choose the correct answer:

1. In ———— costing, the cost of a group of products's ascertained.

   (a) Contract (b) Unit

   (c) Batch (d) None of the above

2. The total of all direct expenses is known as ———— cost.

   (a) Prime (b) Works

   (c) Overhead (d) None of the above

In Cost Accounts:

Manufacturing overhead recovered @ 300%on direct wages.

Selling overhead recovered Rs.1,500

Distribution overhead recovered Rs.700.

————

3. The stores ledger is maintained in the ———— department.

(a) Finance (b) Costing

(c) Production (d) None of the above

4. First in first out method of valuing material issues is suitable in times of ———— prices.

(a) Falling (b) Raising

(c) Constant (d) None of the above

5. Cost of abnormal idle time is transferred to

(a) Costing P/L account

(b) Production cost

(c) Overhead cost

(d) None of the above

6. ———— wage system is most suitable when quality of work is of prime importance.

(a) Piece (b) Time

(c) Straight piece (d) None of the above

7. ———— overhead costs vary in total in direct proportion to the volume of output.

(a) Fixed (b) Semi-variable

(c) Variable (d) None of the above



8. Machine hour rate is the cost of running a machine per ———— .

(a) Day (b) Month

(c) Week (d) None of the above

9. ———— charge of depreciation in cost accounts is deducted from costing profits while reconciling with financial profits

(a) Under (b) Over

(c) Equal (d) None of the above

10. 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

SECTION B — (5 × 5 = 25 marks)

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

11. (a) What are the functions of financial accounting?

Or

(b) What are the characteristics of ideal costing system?

12. (a) What is the advantages of centralized purchasing?

Or

(b) Find out the Economic Ordering Quantity (EOQ) from the following information

Annual usage : Rs.1,20,000

Cost of placing and receiving one order: Rs.60

Annual carrying cost : 10% of inventory value.

13. (a) List out the important activities of the pay-roll department in controlling the labour cost.

Or

(b) A worker takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by result. His daily rate is 75 paise an hour; the material cost of the product is Rs.4 and the overheads are recovered at 150% of the total direct wages. Calculate the factory cost of the product under :

(i) Piece work plan

(ii) Rowan plan

(iii) Halsey plan



14. (a) Write down the different bases of apportionment of overhead expenses.

Or

(b) In a certain factory three products are made from different materials by similar processes. For a typical period, production costs are as Under :

| | Product A | Product B | Product C |
|---|---|---|---|
| | Rs. | Rs. | Rs. |
| Material issued | 1,600 | 2,000 | 800 |
| Direct labour cost | 1,200 | 1,000 | 400 |
| Overhead (actual) | 800 | 650 | 350 |

Overhead is charged to cost of each product at the rate of 25% on prime cost. Do you see anything wrong in principle in this method of charging overhead? If so, suggest a preferred method

15. (a) What are the features of job order costing?

Or

(b) From the following particulars relating to Job No.123, ascertain the total cost and estimated selling price:

| | Rs. |
|---|---|
| Direct Materials | 16,000 |
| Direct Labour | 8,000 |
| Direct expenses | 1,600 |

Works overheads are recovered on the basis of 50% on prime cost and administrative overheads 10% of works cost. A profit of 10% on total cost is to be added.

SECTION C — (5 × 8 = 40 marks)

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

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

Or

(b) Explain the different ways of classification of costs.

17. (a) What do you mean by Perpetual Inventory system? What are its advantages over annual stock taking?

Or



(b) Prepare a store ledger for the following receipts and issues under weighted average method :

| | |
|---|---|
| April 1 | Purchased 6,000 units at Rs. 7 per unit |
| April 10 | Purchased 4,000 units at Rs. 5.50 per unit |
| April 15 | Purchased 3,000 units at Rs. 8.00 per unit |
| April 20 | Purchased 2,000 units at Rs. 8.50 per unit |
| April 22 | Issued 2,000 units |
| April 24 | Issued 3,500 units |
| April 28 | Issued 2,500 units |

18. (a) What do you mean by labour turnover? What are the causes and effects of labour turnover?

Or

(b) Production sections of a factory working on a job order system pay their workers under the Rowan Premium Bonus Scheme. Workers are also entitled to a dearness allowance of Rs.20 per week of 48 hours, worker's basic wage is Re. 1 per day of 8 hours and his time sheet for a week is summarized below:

| Job No. | Time allowed | Time taken |
|---|---|---|
| 101 | 25 hours | 20 hours |
| 102 | 30 hours | 24 hours |
| Idle time (waiting) | – | 4 hours |

Find the worker's earnings and the amounts to be charged to each job and to overhead.

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

Or

(b) From the following information work out the production hour rate of recovery of overhead in departments $P_1$, $P_2$ and $P_3$:

Particulars Total Production departments

| Particulars | Total | Production departments (Rs.) | | | Service departments (Rs.) | |
|---|---|---|---|---|---|---|
| | | $P_1$ | $P_2$ | $P_3$ | $S_1$ | $S_2$ |
| Rent | 1,000 | 200 | 400 | 150 | 150 | 100 |
| Electricity | 200 | 50 | 80 | 30 | 20 | 20 |
| Fire insurance | 400 | 80 | 160 | 60 | 60 | 40 |
| Plant depreciation | 4,000 | 1,000 | 1,500 | 1,000 | 300 | 200 |
| Transport | 400 | 50 | 50 | 50 | 100 | 50 |
| Estimated working hours | | 1,000 | 2,500 | 1,800 | | |
| Expenses of service Departments S1 and S2 are apportioned as under | | | | | | |
| $S_1$ | | 30% | 40% | 20% | – | 10% |
| $S_2$ | | 10% | 20% | 50% | 20% | – |



20. (a) Explain the basic principles to be followed in determining the amount of profit on uncompleted contracts.

Or

(b) From the following details of Small Tools Ltd. compute profit in financial accounts as well as in cost accounts and reconcile profit between cost and financial accounts showing clearly the reasons for the variation of the two figures:

| | Rs. | | Rs. |
|---|---|---|---|
| Sales | 20,000 | Bad debts | 100 |
| Purchase of materials | 3,000 | Interest on overdraft | 50 |
| Closing stock of materials | 500 | Profit on sale of assets | 1,000 |
| Direct wages | 1,000 | Selling expenses | 2,000 |
| Indirect wages | 500 | Distribution expenses | 1,000 |
| Indirect expenses | 2,000 | | |