DCBB – 301

III Semester B.B.A. Examination, February/March 2024
(Freshers and Repeaters)
(NEP Scheme)
BUSINESS ADMINISTRATION
Cost Accounting

Time : 2½ Hours Max. Marks : 60

***Instruction** : Should be written in **English** only.*

SECTION – A

1. Answer **any five** of the following, **each** question carries **2** marks. **(5×2=10)**
   a) Define cost accounting.
   b) What is direct material ?
   c) What do you mean by invoice ?
   d) Give the meaning of ABC analysis.
   e) How do you calculate minimum stock level ?
   f) How do you calculate Bonus under Rowan incentive plan ?
   g) Give the meaning of Machine Hour Rate.

SECTION – B

Answer **any three** of the following, **each** question carries **4** marks. **(3×4=12)**

2. Explain any 4 methods of costing.
3. Calculate Reorder level, Minimum level, Maximum level and Average level from the following :
   Two materials A and B are used as follows :

Minimum usage	50 units per week each
Maximum usage	150 units per week each
Normal usage	100 units per week each
Reorder quantity	A – 600 units, B – 1,000 units
Delivery period	A – 4 to 6 weeks, B – 2 to 4 weeks

4. Find out EOQ from the following annual usage 4,000 units, cost of material per unit Rs. 2, cost of placing and receiving one order Rs. 5 annual carrying cost of one unit : 8% inventory value.
5. In a factory the expenses are as follows :
   Material ₹ 2,00,000, labour ₹ 1,50,000, factory expenses ₹ 98,000, office expenses ₹ 85,000 and total sales ₹ 5,10,000.
   Prepare a cost sheet from the above information.

P.T.O.

6. The following information is supplied from the costing records of a company : Rent Rs. 2,000, Maintenance Rs. 1,200, Depreciation Rs. 900, Supervision Rs. 3,000.

Particulars	**Departments**			
	A	B	C	D
Floor space (Sq. ft)	150	110	90	50
Number of workers	24	16	12	8
Total direct wages (Rs)	8,000	6,000	4,000	2,000
Cost of machinery (Rs)	24,000	18,000	12,000	6,000

Prepare a statement showing apportionment of costs to various departments.

SECTION – C

Answer **any three** of the following, **each** question carries **10** marks. **(3×10=30)**

7. A company has three production departments and two service departments. Distribution summary of overheads is as follows :

Particulars	Production departments			Service departments	
Total departmental overheads as per primary distribution	A	B	C	P	Q
	40,000	25,000	10,000	4,000	3,000

The expenses of service departments are charged on a percentage basis which is as follows :

Service Departments	A	B	C	P	Q
P	20%	40%	30%	–	10%
Q	40%	20%	20%	20%	–

Find the total overheads of production departments by using simultaneous equation method.

8. From the following data collected from the books of a company, find out the total price of a work order. Cost of materials Rs. 4,00,000, cost of labour Rs. 3,00,000, factory on cost Rs. 1,50,000, administration charges Rs. 1,70,000, selling on cost Rs. 42,500, distribution expenses Rs. 42,500.
Factory overheads are based on direct wages, administration and selling and distribution charges are recorded as a percentage of factory cost or works cost. The materials required for the execution of the work order is estimated at Rs. 10,000 and labour cost Rs. 6,000. Assume that the factory overheads have been increased by 10% and there was no change in case of other overheads. Charge profit at 20% on selling price.

9. From the following particulars, calculate the earnings of a worker under
   a) Straight piece rate
   b) Differential piece rate
   c) Halsey Bonus Plan (50% sharing)
   d) Rowan premium plan.

Weekly working hours	40
Piece rate per piece	Rs. 6
Hourly rate of wages	Rs. 15
Normal time taken per piece	20 minutes
Normal output per week	120 pieces
Actual output of the worker per week	150 pieces

Differentiate piece rate :
   a) 80% of piece rate for output below normal output
   b) 120% of piece rate for output above normal output.

10. The following transactions occur in the purchase and issue of a material.

a) Jan 2nd 2020	Purchased 4,000 units	@ Rs. 4 per unit
b) Jan 20th 2020	Purchased 500 units	@ Rs. 5 per unit
c) Feb 5th 2020	Issued 2,000 units	
d) Feb 10th 2020	Purchased 6,000 units	@ Rs. 6 per unit
e) Feb 12th 2020	Issued 4,000 units	
f) March 2nd 2020	Issued 1,000 units	
g) March 5th 2020	Issued 2,000 units	
h) March 15th 2020	Purchased 4,500 units	@ Rs. 5.50 per unit
i) March 20th 2020	Issued 3,000 units	

From the above, prepare the Stores Ledger Account, using simple average method and weighted average method.

11. The following particulars relate to processing machine treating a typical material.
    a) Cost of Machine Rs. 10,000
    b) Estimated life 10 years
    c) Scrap value Rs. 1,000
    d) Yearly working time (50 weeks of 44 hours each) 2,200 hours
    e) Machine maintenance 200 hours p.a.
    f) Setting up time estimated at 5% of total productive time and is regarded as productive time.
    g) Electricity 16 units per hour at 10 paisa per unit
    h) Chemical required weekly Rs. 20
    i) Maintenance cost per year Rs. 1,200
    j) Two attenders control the operations of machines together with 6 other machines. Their combined weekly wages are Rs. 140
    k) Department overhead allocated to this machine p.a. Rs. 2,000

    You are required to calculate the Machine Hour Rate.

SECTION – D

Answer **any one** of the following, **each** carries **8** marks. **(1×8=8)**

12. The following purchases have been extracted in respect material X. Prepare Stores ledger account under LIFO method :
    a) 1-9-2023 Purchased 800 units at Rs. 8 per unit
    b) 3-9-2023 Issued 700 units
    c) 8-9-2023 Purchased 200 units at Rs. 8.40 per unit
    d) 9-9-2023 Issued 250 units
    e) 12-9-2023 Purchased 150 units at Rs. 8.50 per unit
    f) 15-9-2023 Issued 900 units
    g) 22-9-2023 Purchased 500 units at Rs. 8.60 per unit
    h) 25-9-2023 Purchased 650 units at Rs. 7.60 per unit
    i) 30-9-2023 Issued 550 units

    OR

    The following figures have been extracted from the costing records of the manufacturing company for the year 2022.
    Cost of material Rs. 2,40,000; Wages Rs. 2,00,000; Factory overheads Rs. 1,20,000; Distribution expenses Rs. 56,000; Administration expenses Rs. 1,34,000; Selling expenses Rs. 89,000; Profit Rs. 1,60,000.
    A work order is to be executed in the year 2023 and the following expenses are to be incurred :
    Cost of materials Rs. 32,000; Direct wages Rs. 20,000
    Assuming that the rate of factory overheads increased by 20%, administration expenses by 10% and selling and distribution by 12%. At what price should the product be quoted. So as to earn the same rate of profit on the selling price.