

IV Semester B.B.A. Examination, Sept./Oct. 2022  
(CBCS) (F+R) (2015-16 Onwards)  
**BUSINESS ADMINISTRATION**  
**Paper – 4.7 : Cost Accounting**

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer should be written only in **English**.

## SECTION – A

Answer **any five** sub-questions of the following. **Each** sub-question carries 2 marks. (5×2=10)

1. a) Define cost accounting.
- b) What do you mean by time keeping ?
- c) Give the meaning of cost centre.
- d) Give the meaning of machine hour rate.
- e) What is idle time ?
- f) Give the meaning of reconciliation statement.
- g) Mention any 4 examples of selling overheads.

## SECTION – B

Answer **any three** questions from the following. **Each** question carries 6 marks. (3×6=18)

2. Explain briefly purchase procedure.
3. From the following, calculate ROL, maximum level and minimum level.
 

Maximum usage	–	1500 units/week
Minimum usage	–	1000 units/week
ROP	–	4 to 6 weeks
ROQ	–	5000 units
4. From the following information, calculate earnings of Mr. X and Y on Straight piece rate and Taylor's piece rate system.  
Standard production – 8 units/hour  
Normal rate – ₹ 4/hour



Differential rates are

- 80% of piece rate below standard
- 120% of piece rate above standard

In 9 hours, Mr. X produced – 54 units

Mr. Y produced – 75 units.

5. AB Ltd. has 3 production departments and 2 service departments. Expenses incurred for the period are as under :

Rent	– ₹ 30,000
Insurance of stock	– ₹ 5,600
Depreciation	– ₹ 10,000
Supervision	– ₹ 8,500
Power	– ₹ 21,000
Repairs	– ₹ 3,600

The following data also available in respect of all the departments.

Particulars	A	B	C	D	E
Area (sq.ft.)	500	300	200	100	100
Value of stock (₹)	15,000	9,000	6,000	–	–
Value of plant (₹)	50,000	30,000	15,000	5,000	5,000
No. of workers	50	35	20	10	5
HP of machines	20	20	10	–	–
Direct wages (₹)	10,000	8,000	6,000	6,000	4,000

Prepare primary distribution summary.

6. Calculate machine hour rate from the following :

Cost of machine ₹ 4,00,000
Installation charges ₹ 10,000
Scrap value ₹ 40,000
Life of machine 10 years
Yearly working hours ₹ 2,500
Repairs @ 30% of depreciation
Power 10 units per hour @ ₹ 6/unit.
Oil expenses ₹ 100 per day of 8 hours
Supervision charges ₹ 20,000 p.a.





SECTION – C

Answer **any three** questions from the following. **Each** question carries

**14** marks.

**(3x14=42)**

7. B Ltd. manufactures and sells special types of toys. Following is the cost break-up for a toy.

Direct material ₹ 240

Direct labour ₹ 180

Manufacturing expenses ₹ 120

Administrative expenses ₹ 100

Marketing expenses ₹ 60

Profit ₹ 30

A customer has asked for a quotation for 500 toys . It is ascertained that :

- a) Material cost will decrease by 2%.
- b) Labour cost will increase by 3%.
- c) Manufacturing expenses are recovered as a % of direct wages.
- d) Administration OH is absorbed as a percentage of works cost.
- e) Marketing expenses remain same per unit.
- f) Profit to be charged @ 10% on selling price.

You are required to prepare :

- i) Present cost and profit statement
- ii) Quotation for 500 toys.

8. Prepare a reconciliation statement from the following data.

Net loss as per cost accounts ₹ 3,44,800

Works OH under recovered in cost A/c ₹ 6,240

Depreciation over charged in cost A/c ₹ 2,600

Admin OH recorded in excess in cost A/c ₹ 2,600

Interest on investments ₹ 17,500

Goodwill written off in financial A/c's ₹ 11,400

Income tax paid ₹ 80,600

Stores adjustment credited in financial A/c's ₹ 950

Depreciation on stock charged in financial A/c's ₹ 13,500.





9. The following particulars relate to a manufacturing company which has 3 production departments and 2 service departments.

	A	B	C	X	Y
Total departmental overheads as per primary distribution	₹ 6,300	₹ 7,400	₹ 2,800	₹ 4,500	₹ 2,000

The company decided to charge the service department expenses on the basis of following percentages.

Service Dept's.	Production Dept.			Service Dept.	
	A	B	C	X	Y
X	40%	30%	20%	—	10%
Y	30%	30%	20%	20%	—

Find the total overheads of production departments using :

- Repeated distribution and
  - Simultaneous equation method.
10. From the following prepare stores ledger using FIFO method.

- 1<sup>st</sup> Apr. 21 – Opening balance 500 units @ 25/unit  
 3<sup>rd</sup> Apr. – Issued 250 units  
 13<sup>th</sup> Apr. – Purchased 200 units @ ₹ 24.5/unit.  
 14<sup>th</sup> Apr. – Return of surplus 15 units @ ₹ 24/unit  
 16<sup>th</sup> Apr. – Issued 180 units  
 21<sup>st</sup> Apr. – Purchased 240 units @ ₹ 24.4/unit  
 24<sup>th</sup> Apr. – Issued 304 units  
 25<sup>th</sup> Apr. – Purchased 320 units @ ₹ 24.3/unit  
 26<sup>th</sup> Apr. – Issued 112 units  
 27<sup>th</sup> Apr. – Purchased 100 units @ ₹ 25/unit and paid freight charges ₹ 200.  
 Stock verification reveals a shortage of 5 units on 15<sup>th</sup> Apr. and 8 units on 27<sup>th</sup> Apr.

11. Production section of a factory working on job order system, pays the workers under Rowan system and Halsey plan workers are also entitled for D.A. of ₹ 100 per week of 48 hours. Wage rate ₹ 80 per day of 8 hours. The jobs 1 and 2 are allotted to worker Mr. P the details are as below :

Job	Time allowed	Time taken
1	25 hours	20 hours
2	30 hours	20 hours

Calculate total earnings of Mr. P under Rowan Plan and Halsey plan for both the jobs 1 and 2.