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III Semester B.B.A. Degree Examination, March/April - 2022

BUSINESS ADMINISTRATION

Cost Accounting

Paper : 3.3

(CBCS Scheme)

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answers should be written in English only.

SECTION - A

Answer any five sub-questions of the following. Each sub-question carries two marks.

(5×2=10)

1. a) What do you mean by cost center?
- b) Write two objectives of cost accounting.
- c) State any four techniques of material control.
- d) Write two advantages of FIFO and LIFO methods.
- e) What is idle time?
- f) What is traditional method of costing?
- g) What is machine hour rate?

SECTION - B

Answer any three questions. Each question carries 5 marks.

(3×5=15)

2. Mrs. Udaya furnishes the following data relating to the manufacture of a standard product for the month of January 2022.

	Rs.
Materials	90,000
Direct wages	60,000
Depreciation of machinery	11,500

[P.T.O.]



Power and consumable stores	12,000
Indirect wages at factory	15,000
Lighting of factory	5,500
Cost of rectification of defective work	3,000
Sale of scrap	2,000
Office and selling overheads	39,000
Sales	3,16,000

Prepare cost sheet

3. Medical Aids Co. manufactures a special product A. The following particulars were collected for the year 2021.

Cost of placing an order	Rs. 100
Annual carrying cost per unit	Rs. 15
Normal usage	50 units per week
Minimum usage	25 units per week
Maximum usage	75 units per week
Re-order period	4 to 6 weeks.

Compute :

- Re-order quantity
 - Re-order Level;
 - Minimum Level;
 - Maximum level.
4. Sri Joshitha finishes a work in 480 hours as against 600 hours allowed. His hourly rate is Rs. 5. He gets DA of Rs. 16 per day of 8 hours in addition to his wages. Calculate his total income under halsey (50:50) and Rowan incentive plans.
- If the material cost to be Rs. 5,000 and factory on cost is recovered at 50% of wages, find out factory cost under both the methods (i.e. Halsey and Rowan).
5. Distinguish between traditional costing and Activity Based costing.



SECTION - C

Answer any three questions. Each question carries fifteen marks: (3×15=45)

6. The following particulars relate to a manufacturing company which has three production departments A, B and C and two service departments X and Y.

	Production Deptts.			Service Deptts	
	A	B	C	X	Y
Total Departmental overheads as per primary distribution Rs.	6,300	7,400	2,800	4,500	2,000

The company decided to charge the service departments cost on the basis of the following percentages:

	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

Find the total overheads of production departments by using the following two methods:

- Simultaneous equations method.
 - Repeated distribution method.
7. Bindu Ltd. furnish the following information for 10,000 units of a product manufactured during the year 2021:

	Rs.
Material	90,000
Direct wages	60,000
Power and consumable stores	12,000
Indirect wages	15,000
Factory fighting	5,500
Cost of rectification of defective work	3,000
Clerical salaries and management expenses	33,500
Selling expenses	5,500
Sale proceeds of scrap	2,000
Repairs, maintenance and depreciation of plant	11,500



The net selling price was R. 31.60 per unit sold and all units were sold.

As from 01.01.2022, the selling price was reduced to Rs. 31 per unit. It was estimated that production could be increased in 2022 by 50% due to spare capacity. Rates for material and direct wages will increase by 10%.

You are required to prepare:

- a) Cost sheet for the year 2021 showing various elements of cost per unit, and
- b) Estimated cost and profit for 2022.

Assume that 15,000 units will be produced and sold during the year and factory overheads will be recovered as percentage of direct wages and office and selling expenses as a percentage of works cost.

8. The following transactions took place in respect of a material item. Prepare stores ledger accounts using

- i) FIFO method and
- ii) Weighted Average Price method.

1 July	Opening stock	500 units @ Rs. 20 each
4 July	Purchased GRN 574	400 units @ Rs. 21 each
6 July	Issued SR 251	600 units
8 July	Purchased GRN 578	800 units @ Rs. 24 each
9 July	Issued SR 258	500 units
13 July	Issued SR 262	300 units
24 July	Purchased GRN 584	500 units @ Rs. 25 each
28 July	Issued SR 269	400 units.

9. A worker takes 9 hours complete a Job on daily wages and 6 hours on a scheme of payment by results. His day rate is 75 paise an hour, the material cost of the product is R. 4 and the overheads are recorded at 150% of the total direct wages.

Calculate the factory cost of the product under:

- a) Piece work plan,
 - b) Halsey plan and
 - c) Rowan Plan.
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