

Reg. No. : .....

**Code No. : 12469 E      Sub. Code : SMBA 41**

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2021.

Fourth Semester

Business Administration — Main

**COST ACCOUNTING**

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. \_\_\_\_\_ is regarded as a specialized branch of accounting.  
(a) Cost Accounting      (b) Costing  
(c) Variable Costing      (d) None of the above
  
2. \_\_\_\_\_ accounting is concerned with accounting information that is useful to management.  
(a) Financial      (b) Management  
(c) Cost      (d) None of the above

3. \_\_\_\_\_ means a level at which normal issues of the material are stopped and issues are made only under specific instructions.
- (a) Minimum level      (b) Maximum level  
(c) Danger level      (d) None of the above
4. ABC analysis is also known as \_\_\_\_\_.
- (a) Control by Importance and Exception  
(b) Control by Importance and Exchange  
(c) Control by Exchange and Exception  
(d) None of the above
5. Labour engaged in making the bricks in a kiln is an example of \_\_\_\_\_.
- (a) Direct Labour      (b) Indirect Labour  
(c) Both (a) and (b)      (d) None of the above
6. \_\_\_\_\_ is that time for which the employer pays, but from which he obtains no production.
- (a) Time card      (b) Time keeping  
(c) Job card      (d) Idle time

7. Overhead cost is otherwise called as \_\_\_\_\_ cost.  
(a) burden (b) supplementary  
(c) indirect (d) all the above
8. Method of costing adopted for building construction is \_\_\_\_\_ costing.  
(a) Job (b) Batch  
(c) Contract (d) None of the above
9. \_\_\_\_\_ is the cost of producing and maintaining a service.  
(a) Operating costing (b) Job costing  
(c) Batch costing (d) All the above
10. \_\_\_\_\_ costing is used to ascertain the cost of product at each stage of manufacture.  
(a) Operating (b) Process  
(c) Contract (d) None of the above

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Point out the objectives of Cost Accounting.  
Or  
(b) What are the advantages of Cost Accounting?

12. (a) Bring out the need for material control.

Or

(b) Find out EOQ from the following particulars :

Annual usage — Rs. 1,20,000; Cost of placing and receiving are order — Rs. 60; Annual carrying cost — 10% of Inventory value.

13. (a) Calculate the normal and overtime wages payable to a workman from the following data :

| Days      | Hours worked  |
|-----------|---------------|
| Monday    | 8 hrs         |
| Tuesday   | 10 hrs        |
| Wednesday | 9 hrs         |
| Thursday  | 11 hrs        |
| Friday    | 9 hrs         |
| Saturday  | 4 hrs         |
| Total     | <u>51 hrs</u> |

Normal working hours 8 hours per day

Normal rate Re. 1 per hour

Overtime rate : Upto 9 hours in a day at single rate and over 9 hours in a day at double rate; or upto 48 hours in a week at single rate and over 48 hours at double rate whichever is more beneficial to the workman.

Or

- (b) From the following data provided to you find out Labor Turnover rate by applying : (i) Flux Method and (ii) Separation Method.

No. of workers on the payroll — At the beginning of the month, At the end of the month.

During the month, 5 workers left, 20 persons were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of these leaving, while the rest were engaged for an expansion scheme.

14. (a) What are the basis of apportionment for the following expenses?
- (i) ESI
  - (ii) Factory rent
  - (iii) Creche expenses
  - (iv) Store service expenses
  - (v) Municipal rent.

Or

- (b) Give the principles of apportionment of overhead costs.

15. (a) A cinema theatre has 3 types of accommodation — classes : 1, 2 & 3 with weightages of 5,3 and 1 respectively on the basis of their value. There are 30 days per month, four shows per day are conducted. The average seat occupancy is 75% but 10% of all the seats are occupied by 'free passes'. The actual seats in number were :

Class I – 100; Class II – 300; Class III – 800.

Ascertain the 'man-shows' which form the basis for determining the prices of admission tickets.

Or

- (b) Explain how process costing differs from Job Costing.

PART C — (5 × 8 = 40 marks)

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

Answer should not exceed 600 words.

16. (a) Differentiate financial accounting from cost accounting.

Or

- (b) Explain in detail the classification of cost.

17. (a) From the particulars given below write up the stores ledger card.

2007 Jan 1 Opening Stock 1,000 unit at Rs. 26 each  
5 Purchased 500 units at Rs. 24.50 each  
7 Issued 750 units  
10 Purchased 1,500 units at Rs. 24 each  
12 Issued 1,100 units  
15 Purchased 1,000 units at Rs. 15 each  
17 Issued 500 units  
18 Issued 300 units  
25 Purchased 1,500 units at Rs. 26 each  
29 Issued 1,500 units

Ascertain the value of closing stock by FIFO method.

Or

(b) Prepare a stores ledger account using weighted average method of pricing the issue of materials.

2010 March 1 Balance 1,000 unit at Rs. 70 per unit  
3 Purchased 2,000 units @ Rs. 80 per unit  
5 Issued 500 units

2010 March 10 Issued 1,000 units

15 Purchased 2,000 units at Rs. 80 per unit

18 Issued 400 units

20 Received back 25 units out of the issue  
made on 5th March

22 Issued 1,500 units

24 Returned to supplier 30 units out of the  
purchases made on 15th March.

25 Purchased 1,000 units at Rs. 75 per unit

30 Issued 1,000 unit

Physical verification on 21st March revealed a  
shortage of 15 units and 20 units shortage on  
30th March.

18. (a) Calculate the earnings of a worker under  
(i) Halsey Premium Plan and (ii) Rowan  
Scheme.

Time allowed — 48 hours; Time taken —  
40 hours; Rate per hour — Re. 1

Or

(b) From the following calculate earnings of a worker under :

(i) Time rate system

(ii) Piece wage rate

Wage rate — Rs. 2 per hour; Production  
per hour — 4 units;

DA — Re.1 per hour; Standard time fixed  
— 80 hours;

Actual time taken — 50 hours;  
Production — 250 units.

19. (a) Calculate the overhead allocable to production departments A & B from the following :

There are two service departments ; X & Y. X renders service to A and B in ratio of 3 : 2 and Y renders service to A and B in the ratio of 9 : 1. Overhead as per primary distribution is :

A — Rs. 49,800; B — Rs. 29,900; X — Rs. 15,600; Y — Rs. 10,800.

Or

(b) From the following, calculate machine hour rate :

Cost of the machine — Rs. 11,000

Scrap value — Rs. 680

Repairs for the effective working life —  
Rs. 1,500

Standing charges for 4 weekly period — Rs. 40

Effective working life 10,000 hours

Power used : 6 units per hour at 5 paise  
per unit

Hours worked in 4 weekly period : 120 hours.

20. (a) Product X goes through three operations before it is finished.

Normal loss of the operation is as follows :

Operation 1 = 25% of output

2 = 1/6 of output

3 = 20% of output

Compute the initial input required to obtain a final output of 100 units.

Or

- (b) In manufacturing a product, 1,000 kgs of raw materials at Rs. 8 per kg were supplied to process 'X'. Other expenses of the process were as follows :

Labour cost — Rs. 2,000

Production expenses — Rs. 1,000

Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs. 2 per kg. The actual output in this process was 880 kgs which was transferred to process 'Y'.

Prepare Process 'X' a/c and abnormal loss a/c.

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