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III Semester B.B.A. Degree Examination, March/April - 2023

**BUSINESS ADMINISTRATION**

**Cost Accounting**

*(CBCS Scheme Repeaters 2019-20 onwards)*

**Paper : 3.3**

**Time : 3 Hours**

**Maximum Marks : 70**

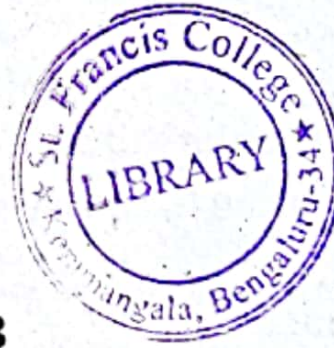
**Instructions to Candidates:**

Answer should be written in English only.

**SECTION - A**

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

1. a) Give the meaning of time booking.
- b) Define cost centre.
- c) What do you mean by indirect materials? Give two examples.
- d) Give the meaning of danger stock level.
- e) Determine EOQ from the following information, annual demand 12000 units, inventory carrying cost Rs. 15 per unit, ordering cost Rs. 90 per order.
- f) Define Activity based costing.
- g) State the basis of apportionment for the following expenses:
  - i) Power
  - ii) Depreciation
  - iii) General lighting
  - iv) Rent



**SECTION - B**

Answer any Three of the following questions. Each question carries 5 marks. (3×5=15)

2. In a manufacturing company material used is as follows:

Maximum consumption 3000 units per month

Minimum consumption 1600 units per month

Average stock level 9100 units.

Delivery period 2 to 4 months

Determine

- a) Re-order level,
- b) Re-order quantity and
- c) Maximum stock level.

[P.T.O.]



3. The following cost data is obtained from the books of a manufacturing concern for the year ended 31<sup>st</sup> December 2022.  
 Direct materials Rs. 2,70,000.  
 Direct wages Rs. 2,25,000.  
 Selling and distribution overhead Rs. 1,57,500.  
 Factory overhead Rs. 1,35,000.  
 Office and administration overheads Rs. 1,26,000.  
 Earned a Profits of Rs. 1,82,700.  
 Prepare cost sheet using the above details.
4. The following transactions are relating to material for the month of February 2023.  
 Closing stock as on 31<sup>st</sup> January 2023, 1500 units at Rs. 1.50 per unit.  
 2<sup>nd</sup> February purchased 4000 units at Rs. 2 per unit.  
 5<sup>th</sup> February purchased 6000 units at Rs. 2.50 per unit.  
 12<sup>th</sup> February issued 5000 units  
 15<sup>th</sup> February purchased 5000 units at Rs. 2.70 per unit.  
 22<sup>nd</sup> February Issued 4000 units.  
 Prepare stores ledger account using last in first out method (LIFO) method of pricing the issue of materials.
5. A workman wage for a guaranteed 44 hours per week at Rs. 75 per hour. The estimated time to produce one article is 30 minutes and under incentive scheme the time allowed is increased by 20%. During a week the worker produced 100 articles. Determine his wages under Halsey and Rowan Bonus plans.

### SECTION-C

Answer any Three of the following questions. Each question carries 15 marks.

(3×15=45)

6. HCS company requires a statement of cost showing results of its production operations. The cost records give the following information.  
 The transactions during the month were as follows:

	Rs.		
Purchase of raw materials	1,76,000		
Productive wages	34,000		
Work expenses	79,000		
Sales	5,68,000		
Administration expenses	26,000		
Sale of factory scrap	4,000		
Selling and distribution expenses	30,000		
		01-01-2023	31-01-2023
		Rs.	Rs.
Raw material	2,00,000		1,23,500
Finished goods	1,43,000		84,000
Work in progress	62,000		69,000



7. The following are the details of receipts and issues of materials in a factory during, January 2023.

1	January	23	Opening balance 250 kg at Rs. 50 per kg
3	January	23	Issue 35 kgs
4	January	23	Issue 50 kgs
5	January	23	Issue 40 kgs
12	January	23	Received from the supplier 100 kgs at Rs. 49 per kg
13	January	23	Refund of surplus from a work order 8 kgs at Rs. 48 per kg
16	January	23	Issue 90 kgs
20	January	23	Received from the suppliers 120 kgs at Rs. 48 per kg
24	January	23	Issue 152 kgs
25	January	23	Received from the suppliers 160 kgs at Rs. 49 per kg
26	January	23	Issue 56 kgs
27	January	23	Refund of surplus from a work order 6 kgs at Rs. 49 per kg
29	January	23	Received from the supplier 50 kgs at Rs. 50 per kg
29	January	23	Paid freight charges on material purchased of 29 <sup>th</sup> January Rs. 100

The stock verifier of the factory noticed that on 14<sup>th</sup> there was a shortage of 4 kgs and on 28<sup>th</sup> another shortage of 6 kgs. Prepare stores ledger using FIFO method.

8. The budgeted overhead and Cost driver volumes of AB Ltd are as follows:

The company has produced a batch of 2500 components of X, its Material cost was Rs. 1,10,000 and labour Rs. 1,90,000. The usage activity of this batch are as follows:

Material cost Rs. 21, Set up of machine 19, Maintenance hours 510, No. of inspection 26, No. of Machine hours 1300.

Cost Pool	Budgeted OH	Cost Driver Rate	Budgeted Volume
Material Procurement	405000	No. of orders	900
Machine set ups	359100	No. of setups	450
Maintenance	240000	Maintenance hours	3000
Quality control	140000	No. of inspection	7000
Machinery	480000	No. of machine hours	24000

Calculate cost driver rate, ascertain the cost of batch of components using Activity based costing.

[P.T.O.]



9. A Company has three production department A, B and C and two service departments X and Y.

The following particulars are available for January, concerning the organization.

Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on Machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000

Following further detail are also available

Particulars	Total	Production Department			Service Departments	
		A	B	C	X	Y
		Rs.	Rs.	Rs.	Rs.	Rs.
Floor space (Sq. mts.)	5,000	1,000	1,250	1,500	1,000	250
Light points (Nos.)	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of Machines (Nos.)	150	60	30	50	10	
Cost of machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000
No. of Employees		20	30	10	5	5
Working hours		2,335	1,510	1,525		

The expenses of service department are to be allocated in the following manner:

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

You are required to calculate the overhead absorption rate in respect of the three - production departments.