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III Semester B.B.A. Degree Examination, March - 2021

BUSINESS ADMINISTRATION

Cost Accounting

(CBCS Scheme Regular 2020-21)

Paper : 3.3

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answer should be written in English only.

SECTION - A

1. Answer any **five** sub-questions of the following. Each sub-question carries **two** marks. (5×2=10)
- a) What do you mean by cost centre?
 - b) Give the meaning of cost sheet.
 - c) What is meant by Direct material? Give an example.
 - d) Distinguish between Bin card and stores ledger.
 - e) Mention any two types of incentive plans.
 - f) What is machine hour rate?
 - g) Define Activity Based costing.

SECTION - B

Answer any **three** of the following. Each question carries **five** marks. (3×5=15)

2. From the following data calculate :
- a. Reorder level
 - b. Minimum stock level
 - c. Maximum stock level
- Reorder quantity 2,400 units
Reorder period 4 to 6 weeks
maximum consumption 450 units per week
minimum consumption 150 units per week.

[P.T.O.]



3. Mr. Prasad furnishes the following data relating to the manufacture of a standard product during the month of January 2021.

Raw materials consumed	Rs. 2,00,000
Direct wages	Rs. 1,20,000
Machine hours worked	1000 hours
Machine hour rate	Rs. 20 per hour
Office overheads	Rs. 68,000
Selling overheads	Rs. 4 per unit sold
Units produced	: 20,000
Units sold	: 18,000 at Rs. 30 per unit

Prepare a cost sheet showing the total cost and profit for the month.

4. Calculate the earnings of a worker under
- Rowan premium Bonus system and
 - Halsey weir premium bonus system

From the following particulars

Hourly rate of wages Rs. 15

Standard time for producing one dozen articles is 3 hours. Actual time taken by the worker to produce 20 dozen articles is 48 hours.

5. From the following calculate cost driver rates

a. Purchase order cost	Rs. 90,000
b. Setup cost	Rs. 3,00,000
c. Maintenance cost	Rs. 1,15,000
d. Material handling cost	Rs. 1,50,000
e. Machine testing cost	Rs. 4,00,000

Cost allocation basis are :

No. of setups	: 200
No. of purchase orders	: 50
No. of Batches run	: 100
No. of time material handled	: 500
No. of tests	: 4,000



SECTION - C

Answer any **Three** questions. Each question carries **15** marks.

(3×15=45)

6. ABC Limited provided the following information for 5,000 articles manufactured during the year 2020-21.

Materials	Rs. 1,50,000
Direct wages	Rs. 1,30,000
Power and consumables	Rs. 20,000
Lighting charges of the factory	Rs. 22,000
Office staff salaries	Rs. 68,000
Selling expenses	Rs. 20,000
Sale proceeds of factory scrap	Rs. 8,000
Plant repairs and Maintenance	Rs. 17,500

Selling price per unit Rs. 240 and all units were sold.

Prepare :

- Cost sheet for the year 2020-21.
- Statement of Quotation for the year 2021-22

Assume factory overheads are to be recovered as a percentage on direct wages and office overheads as a percentage on works cost and selling expenses per unit remain same. It is estimated that production for the year 2021-22 will increase by 50% due to its space capacity. The tender is to be made keeping a net profit of 20% on the selling price.

7. Following are the details of receipts and issues of material D-20 for the month of March 2020.

Receipts	Quantity	Rate	Issues	Quantity
1-3-2020	800 units	Rs. 25 per unit	3-3-2020	1000 units
19-3-2020	1,000 units	Rs. 23 per unit	11-3-2020	800 units
28-3-2020	400 units	Rs. 21 per unit	25-3-2020	600 units
			29-3-2020	200 units

On 1-3-2020 opening stock was 1,250 units at Rs. 27 per unit.

Prepare stores ledger accounts by adopting.

- FIFO method and
- LIFO method of pricing material issues.



8. The following are the particulars given to your :

Standard time 20 hours

Time Rate Rs. 100 per hour

Prepare a comparative table under Halsey plan and Rowan plan if time taken is 18 hours, 16 hours, 12 hours, 8 hours and 6 hours. The table should clearly show the amount of bonus payable, the amount of total wages and labour cost per hour under the two methods.

State at least one point of distinction between Halsey plan and Rowan plan in the light of your calculation.

9. You are supplied with the following information and required to work out the production hour rate of recovery of overheads of A, B and C under :

- Repeated distribution method
- Simultaneous equations method

	Production Departments			Service Departments	
Primary overheads (Rs.)	A	B	C	P	Q
	7,810	12,543	4,547	4,000	2,600

Expenses of service departments P and Q are apportioned as under :

	Production Department			Service Departments	
	A	B	C	P	Q
Service Department P :	30%	40%	20%	-	10%
Service Department Q :	10%	20%	50%	20%	-

Estimated working hours of production are as under :

Department A - 1,000 hours

Department B - 2,500 hours

Department C - 1,400 hours