



IV Semester B.B.A. Examination, September/October 2022  
(CBCS) (Repeaters) (2015-16 and Onwards)  
**BUSINESS ADMINISTRATION**  
Paper – 4.7 : Cost Accounting

Time : 3 Hours

Max. Marks : 70

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

## SECTION – A

1. Answer **any five** sub-questions of the following. **Each** sub-question carries 2 marks. **(5×2=10)**
- Define Cost Accounting.
  - What is a Cost Unit ?
  - Give the difference between Bin card and Stores ledger.
  - What is an idle time ?
  - Mention the basis of apportionment for the following :
    - Rent
    - Depreciation.
  - What is overheads ? Give two examples.
  - Give the meaning of Memorandum Reconciliation Statement.



## SECTION – B

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

2. Briefly explain the difference between Cost Accounting and Financial Accounting.
3. The following data relates to the manufacture of a standard product during the month of April 2021.

Raw Material consumed	₹ 80,000
Direct wages	₹ 48,000
Machine hours worked	8000 hours
Machine hour rate	₹ 4 per hour
Office overhead	10% on works cost
Selling overhead	₹ 1.50 per unit
Units produced	4000 units
Units sold	3600 units at ₹ 50 each

You are required to prepare a Cost Sheet.



4. Calculate the Re-order level, Maximum stock level and Minimum stock level.  
 Re-order quantity – 1500 units  
 Re-order period- 4 to 6 weeks  
 Maximum consumption – 400 units per week  
 Minimum consumption – 200 units per week.
5. During a week of 48 hours a worker produced 360 articles. He is paid ₹ 10 per hour. Standard time to produce one article is 10 minutes. Compute total wages under Halsey Plan and Rowan Plan.
6. Calculate Machine hour rate.
- |   |                |
|---|----------------|
| Cost of Machinery   | ₹ 12,50,400    |
| Estimated life  | 1,50,000 hours |
| Scrap value   | ₹ 50,400       |
| Repairs per annum   | ₹ 15,000       |
| Power consumption 3 units per hour                        | ₹ 5 per unit   |
| Estimated working hours per month                         | 200 hours      |
| Number of operators (looking after 3 other machines also) | 2              |
| Wages per operator per month                              | ₹ 15,000       |
| Chemical required per machine per month                   | ₹ 1,000        |
| Other overheads on this machine per month                 | ₹ 2,000        |
| Insurance per annum                                       | ₹ 12,000       |

## SECTION – C

Answer **any three** questions of the following. **Each** question carries **fourteen** marks.

(3×14=42)

7. From the following data collected from the books of Den Co. for the year ended 2021. Prepare a Cost Sheet.

	₹
Cost of materials	2,00,000
Cost of labour	1,50,000
Factory expenses	75,000
Administration expenses	85,000
Selling and distribution expenses	42,500



Percentage of factory expenses are based on cost of labour. Administration expenses and selling and distribution expenses are recorded as percentage of factory cost.

In 2022, the material required for the execution of work order is estimated at ₹ 5,000 and labour cost at ₹ 3,000. Charge Profit at 25% on selling price. Find the price of work order of 2022.

8. Prepare a Stores Ledger from the following data using

- i) First In First Out (FIFO)
- ii) Last In First Out (LIFO)

April

1	Opening balance	10,000 kgs at ₹ 130 per kg
2	Purchased	20,000 kgs at ₹ 134 per kg
3	Issued	6750 kgs
4	Issued	8500 kgs
6	Surplus	550 kgs received back at ₹ 132 per kg
7	Purchased	17,500 kgs at ₹ 128 per kg
8	Issued	11,200 kgs
9	Issued	2,600 kgs

9. Calculate earnings of workers A, B, C and D under Straight Piece Rate System and Taylor's Differential Piece Rates. They produced 70, 79, 80 and 85 units respectively in a day of 8 hours work.

Standard production : 10 unit per hour

Normal time rate : 50 paise per hour

Differential Rate : 80% of piece rate below standard

120% of piece rate above standard

10. Kishan Limited has three Production department P, Q, R and two Service department S and T. The following figures are extracted from the records of the company.

Rent – ₹ 5,000

Indirect wages – ₹ 1,500

Depreciation – ₹ 10,000

Power – ₹ 1,500

General lighting – ₹ 600

Sundry expenses – ₹10,000



Following further details are available :

Particulars	P	Q	R	S	T	Total
Floor space (Sq. mts)	2,000	2,500	3,000	2,000	500	10,000
Light points	10	15	20	10	5	60
Direct wages	3,000	2,000	3,000	1,500	500	10,000
H.P of machines	60	30	50	10	-	150
Value of Asset	60,000	80,000	1,00,000	5,000	5,000	2,50,000

The expenses of the Service Departments are charged out on percentage basis to Production Department as follows :

Particulars	P	Q	R	S	T
Service Department (S)	20%	40%	30%	-	10%
Service Department (T)	40%	20%	20%	20%	-

- a) Prepare Primary Distribution Overhead Summary.
  - b) Prepare Overhead Distribution Summary under repeated distribution method.
11. From the following figures, prepare a Reconciliation Statement and determine the financial profit.

Particulars	Amount (₹)
Net profit as per Costing Books	66,760
Factory overhead under recovered in costing	5,700
Administration overhead recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received but not included in costing	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment credited in financial books	420
Dividend apportioned in financial books	1,200
Depreciation of asset charged in financial accounts	860
Loss due to theft and pilferage provided only in financial books	260