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SM – 530

IV Semester B.B.A. Examination, May/June 2018
(CBCS) (Fresh+Repeaters)
(2015-16 & Onwards)
BUSINESS ADMINISTRATION
Paper – 4.6 : Cost Accounting



Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written in **English** only.**SECTION – A**

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

1. a) What do you mean by cost unit ?
- b) Give any four examples of selling and distribution overheads.
- c) What is JIT ?
- d) State the factors to be considered for fixing maximum stock level.
- e) Mention any 2 types of incentive plans.
- f) What is machine hour rate ?
- g) State the need for reconciliation.

SECTION – B

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

2. Explain the objectives of cost accounting.
3. The following data is relating to Lakshmi Company for the month of 31st March 2017.

Particulars	1 st April 2016	31 st March 2017
Raw Materials	2,50,000	2,60,000
Finished goods	1,70,000	1,60,000
Work-in-progress	80,000	90,000

Transactions during the period.

Purchase of raw materials Rs. 3,00,000, Direct wages Rs. 1,70,000, Works expenses Rs. 88,000, Office expenses Rs. 30,000, Selling and distribution expenses Rs. 40,000, Income tax Rs. 2,00,000, Dividend received Rs. 20,000 and Sale of finished goods Rs. 6,70,000.

Prepare a cost sheet for the year ending 31st March 2017. Also show –

- a) Cost of materials consumed
- b) Prime cost
- c) Works cost
- d) Cost of production
- e) Total cost
- f) Net Profit.

P.T.O.



4. From the following data calculate :

- Re-order Level
- Minimum Stock Level
- Maximum Stock Level

Re-order quantity 2,400 units

Re-order period 4 to 6 weeks

Maximum consumption 450 units per week

Minimum Consumption 150 units per week.

5. During the last week of March 2017, Mr. Ram produced 300 articles. He receives wages for a guaranteed 48 hours a week at the rate of Rs. 6 per hour. The estimated time to produce one article is 10 minutes and under incentive scheme the time allowed is increased by 20%.

Calculate the earnings of Mr. Ram under Halsey system and Rowan system.

6. Compute Machine Hour Rate from the following information :

Particulars	Rs.
Cost of machine	1,60,000
Installation charges	25,000
Estimated scrap value after 15 years of its life	10,000
Rent and Rates for the shop per month	1,500
General lighting for the shop per month	1,000
Insurance premium for the machine per annum	2,200
Power consumption	20 units per hour
Rate of power per 100 units	25
Estimated working hours per annum	2000 hour per annum
Shop supervisor salary per month	1,000
Repair and maintenance per annum	2,000

The machine occupied $\frac{1}{4}$ of the total area of the shop. The Supervisor is expected to devote $\frac{1}{5}$ of his time for supervising the machine.



SECTION – C

Answer **any three** questions of the following. **Each** question carries **fourteen** marks. **(3×14=42)**

7. ABC Ltd. provides the following information for 10,000 machines manufactured during the year 2017.

Materials	Rs. 1,50,000
Direct wages	Rs. 1,30,000
Power and consumables	Rs. 20,000
Lighting charges of factory	Rs. 22,000
Clerical salaries	Rs. 68,000
Selling expenses	Rs. 20,000
Sale proceeds of factory scrap	Rs. 8,000
Plant repairs, maintenance and depreciation	Rs. 17,500
Selling price per unit Rs. 120 and all units were sold	

Prepare :

- Cost Sheet for the year 2017
 - Statement of quotation for the year 2018 if the selling price is estimated to reduce to Rs. 100 per unit. Assume factory overheads are to be recovered as a percentage on direct wages and office overheads as a percentage on works cost and selling and distribution overheads per unit remain same. It is estimated that production for the year 2018 will increase by 50% due to its spare capacity.
8. From the following transactions prepare a Stores Ledger Account under FIFO method.

Date	Particulars	Units	Rate per unit
2018 March 2	Purchases	200	2.2
4	Issues	150	—
6	Purchases	200	2.3
11	Issues	150	—
15	Purchases	250	2.4
19	Issues	200	—
22	Purchases	200	2.5
27	Issues	250	—
28	Purchases	200	2.6
30	Issues	150	—

There was an opening balance of 300 units valued at Rs. 2 per unit. The stock verification record reveals a shortage of 10 units on 10th March 2018 and another shortage of 20 units on 23rd March 2018. On 25th March 2018, there was a refund of surplus of 20 units from a work order which were issued earlier on 4th March 2018.



9. From the following data, prepare a comparative statement under each of the following case, showing the bonus, total earnings and rate per hour under Halsey and Rowan systems. Also draw a conclusion about the bonus earned as per both the systems.
- Standard time allowed - 10 hours
Rate per hour - Rs. 2
Time taken : 9 hours, 8 hours, 6 hours, 5 hours, 4 hours, 3 hours and 2 hours.
10. Lakshmi Company has 3 production departments and 2 service departments. Total departmental overheads as per primary distribution of various departments is as follows :
- Production departments** - A: Rs. 3,00,000, B: Rs. 3,50,000 & C: Rs. 2,00,000
Service departments - X: Rs. 80,000, Y: Rs. 60,000
The company decided to charge the service department cost on the basis of the following percentages -

	A	B	C	X	Y
Service Departments					
X	30%	20%	30%	—	20%
Y	40%	30%	20%	10%	—

Find out total overheads of production departments under :

- a) Simultaneous Equation Method
b) Repeated Distribution Method.
11. From the following transactions you are required to prepare a Reconciliation Statement.

Particulars	Cost Accounts	Financial Accounts
Net Profit	3,46,750	—
Selling overheads/Expenses	31,300	35,800
Works overheads/Expenses	37,600	33,250
Administration overheads/Expenses	42,500	46,200
Value of opening stock	18,000	22,300
Value of closing stock	23,000	25,800
Depreciation	21,500	18,600
Stores adjustment (Credit)	—	1,250
Reserve for doubtful debts	—	7,250
Interest on bank deposits	—	6,150
Loss on sale of machinery	—	5,800
Rent received	—	5,000
Preliminary expenses written off	—	5,000