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Roll No:
Date: __/__/____

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-MAY 2026

BACHELOR OF BUSINESS ADMINISTRATION IV

BM 4125: Fundamentals of Costing 24

TIME: 3 hours. **MAX. MARKS: 80**

This paper contains FOUR printed pages and FOUR parts

Instructions:

1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer ALL questions. Each answer carries ONE mark. **[10x1=10]**

1. A Cost Sheet helps management mainly in:
   A) Tax calculation B) Decision-making and cost control C) Auditing financial statements
   D) Recording journal entries

2. Cost of Production is calculated after adding which of the following to Prime Cost?
   A) Selling & Distribution Overheads B) Administrative Overheads
   C) Factory (Works) Overheads D) Financial Expenses

3. Which of the following techniques is used to classify materials based on their value?
   A) EOQ Analysis B) ABC Analysis C) Perpetual Inventory System
   D) Standard Costing

4. Which document is prepared by the storekeeper to issue materials to production?
   A) Purchase Order B) Bill of Materials C) Material Requisition Note
   D) Goods Received Note

5. The main objective of labour cost control is to:
   A) Increase the number of workers
   B) Minimize labour cost per unit without reducing efficiency
   C) Reduce production volume D) Eliminate supervision

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6. Which of the following helps in controlling labour efficiency?
A) Job Evaluation B) Time and Motion Study C) Bank Reconciliation
D) Cash Book

7. Overheads are also known as:
A) Direct Costs B) Prime Costs C) Indirect Costs D) Variable Costs only

8. Overhead absorption rate is generally calculated on the basis of:
A) Direct Labour Hours or Machine Hours B) Selling Price C) Profit Margin
D) Cash Balance

9. Under an Integrated Accounting System, reconciliation is:
A) Compulsory B) Not required C) Required monthly D) Required only for stock

10. Reconciliation of Cost and Financial Accounts is required when:
A) Only financial accounts are maintained B) Only cost accounts are maintained
C) Cost and financial accounts are maintained separately
D) Integrated accounting system is followed

PART-B

Answer any THREE questions. Each answer carries EIGHT marks. **[3x 08= 24]**

11. Distinguish between cost accounting and financial accounting?

12. The following information is available in respect of a particular material:
Reorder Quantity – 3600 units
Maximum Consumptions – 900 units
Minimum Consumptions – 300 units
Normal Consumptions – 600 units
Reorder Period – 3 to 5 weeks
Calculate:
i) Re order level ii) Minimum level iii) Maximum level iv) Average stock level

13. In a Factory the normal working hours per day is 8 hours. The standard output per week is 60 hours. The wages per day is ₹ 30. Worker X manufactures certain output on a particular week, the output produced is 55 hours per week. Complete the earnings of Mr. X under Rowan System.

14. Compute Machine hour rate:
Cost of the Machine ₹ 25,000
Scrap value ₹ 5,000
Effective working life of the machine 10,000 hours
Repairs for effective working life ₹ 5,000
Power Consumption 5 units per hour at ₹ 3 per unit
Total hours worked 1,000 hours during the year 2024.

15. During the particular year the cost books of a company showed a profit of ₹ 84,000. A careful scrutiny of the figure from both the sets of accounts revealed the following facts:
    a. Sundry income of ₹ 2,500 was not considered in cost books
    b. Factory overheads under recovered in cost books ₹ 10,100
    c. Selling expenses under recovered in cost books ₹ 25,875
    d. Administration expenses, over recovered in cost books ₹ 12,475

    Reconcile cost books with financial books.

PART-C

Answer any THREE questions. Each answer carries TWELVE mark **[3x12 =36]**

16. The following details are available from a company's book:

Raw Materials	1,75,000
Wages	1,35,000
Factory Overheads	40,500
Administration overheads	28,040

How should this company quote for the price of one refrigerator? To manufacture one refrigerator it is estimated that materials required ₹ 5,000 and wages ₹ 350. Absorb factory overheads on the basis of wages or labour and administrative overheads on the basis of works cost. A profit of 12.5% on Selling price is required.

17. The following is the record of receipts and issues of a certain material in the factory during a week. March 2024:

    1st Opening balance 50 tonnes @ ₹ 10 per tone
    2nd Issued 30 tonnes
    3rd Received 60 tonnes @ ₹ 10.20 per tons
    4th Issued 25 tonnes (Stock verification found loss of 1 tonne)
    5th Received back 10 tonnes (Previously issued at ₹ 9.15 per tonnes)
    20th Issued 40 tonnes
    25th Received 22 tonnes @ ₹ 10.30 per tonnes
    30th Issued 38 tonnes.

    Prepare a stores ledger account under a) FIFO Method b) LIFO Method

18. From the following particulars calculate the earning of 2 workers A and B under:
    1. Straight piece rate system
    2. Taylor's differential piece rate system
    3. Merrick's differential piece rate system

    Standard time per unit 36 seconds
    Normal rate per hour ₹ 3
    Differential rates to be applied
    80% of piece rate when below standard
    120% of piece rate when at or above standard

    The workers have produced in a day of 8 hours as follows:
    A = 700 units B= 900 units

19. A factory has three production depts. and two service depts. The overhead departmental Distribution summary shows the following:

Production depts. (₹)	Service depts.
A= 1,375	X = 4,250
B= 1,330	Y= 5,250
C= 1,710	

The expenses of services depts. X and Y are to be apportioned as follows:

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

Show how the service dept. overheads are to be distributed to production dept. under repeated distribution method.

20. From the following details, you are required to prepare a statement reconciling the profits shown as per cost books with the profit shown as per financial books.

Particulars	Cost Books	Financial Books
Net Profit	3,46,750	3,38,650
Works overheads expenses	37,600	33,250
Administrative overheads expenses	42,500	46,200
Selling overheads expenses	31,300	35,800
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

PART-D

Answer any COMPULSORY questions. Each answer carries TEN marks. **[1 x10 =10]**

21. XYZ Engineering Company pays its workers using the **Time Rate System**, where workers are paid according to the number of hours worked. Recently, the management noticed that **productivity is low** because workers receive the same wages regardless of how much they produce.
To improve efficiency, the management is considering introducing the **Halsey Incentive Plan**, where workers receive a bonus for completing work in less than the standard time.
The details for a job are as follows:
- **Standard time** = 10 hours
- **Actual time taken by worker** = 8 hours
- **Hourly wage rate** = ₹50
- Under the **Halsey Plan**, the worker receives **50% of the time saved as bonus**.

1. Analyze the worker's earnings under the **Time Rate System**.
2. Compute the worker's earnings under the **Halsey Plan**.
3. Which system gives better motivation to workers?