



NP – 300

**III Semester B.B.A. Examination, March/April 2023**  
**(NEP) (2022-23 and Onwards) (Freshers)**  
**BUSINESS ADMINISTRATION**  
**Paper – 3.1 : Elements of Cost Accounting**

Time : 2½ Hours

Max. Marks : 60

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

**SECTION – A**

1. Answer **any 6** of the following sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**
- a) What do you mean by a cost centre ?
  - b) Write any two objectives of cost accounting.
  - c) What is purchase requisition ? To whom it is submitted ?
  - d) What is time keeping ?
  - e) What is ABC analysis ?
  - f) State any four examples of administration overheads.
  - g) What is predetermined cost ?
  - h) What is machine hour rate ?

**SECTION – B**

Answer **any three** of the following questions. **Each** question carries **4** marks. **(3×4=12)**

2. What are the essentials of a good wage payment system ?
3. Prepare a cost sheet from the following information :

	₹
Direct materials	1,00,000
Production wages	60,000
Factory expenses	40,000
Sale of scrap	2,000
Office overheads	32,000
Selling expenses	13,000
Sales	2,72,000

P.T.O.



4. Calculate the EOQ from the following :

Annual usage 600 units  
 Ordering cost ₹ 12 per order  
 Carrying cost 20%  
 Price per unit ₹ 20.

5. Calculate total earnings of worker under Halsey and Rowan Plan

Standard time 10 hours  
 Hourly rate ₹ 2  
 Time taken 6 hours.

6. From the following particulars calculate the machine hour rate.

Cost of machine	₹ 11,000
Scrap value	₹ 680
Repairs for effective working life	₹ 1,500
Standing charges for 4 weeks	₹ 1,600
Effective working life	10,000 hours
Power used	6 units per hour @ 5 paise per unit
Hours worked in 4 weeks	120 hours

### SECTION – C

Answer **any three** of the following questions. **Each** question carries **12** marks. **(3×12=36)**

7. The following particulars are obtained from Tom and Jerry Co. Ltd. as on 31<sup>st</sup> December 2021.

	₹
Raw materials used	8,64,000
Direct wages	7,20,000
Factory overheads	4,32,000
Administrative overhead	4,09,600
Selling overhead	5,04,000
Profit	5,85,920



a) Prepare cost sheet for 2021.

b) In 2022 the company received an order.

It is estimated that direct materials would cost ₹ 8,32,000 and labour ₹ 7,20,000.

What should be the price to be quoted to earn the same rate of profit on sales as in 2021 ?

Assume that factory overhead is recovered as a percentage of direct wages, administrative and selling overhead as a percentage on works cost, based on cost prevailing in the previous year.

8. From the following information prepare Stores Ledger Account under LIFO method.

1 <sup>st</sup> Jan.	Opening stock	200 pieces @ ₹ 2 each
5 <sup>th</sup> Jan.	Purchases	100 pieces @ ₹ 2.20 each
10 <sup>th</sup> Jan.	Purchases	150 pieces @ ₹ 2.40 each
20 <sup>th</sup> Jan.	Purchases	180 pieces @ ₹ 2.50 each
2 <sup>nd</sup> Jan.	Issues	150 pieces
7 <sup>th</sup> Jan.	Issues	100 pieces
12 <sup>th</sup> Jan.	Issues	100 pieces
28 <sup>th</sup> Jan.	Issues	200 pieces

9. From the following particulars prepare labor cost sheet per man-day of 8 hours.

a) Basic salary	₹ 2 per day
b) Dearness allowance	25 paise for every point over 100 cost of living index. Current cost of living index 700 points
c) Leave salary	10% of (a) and (b)
d) Employer's contribution to PF	8% of a + b + c
e) Employer's contribution to state insurance	2.5% of a + b + c
f) Expenditure on amenities	₹ 20 per head per month
g) Number of working days in a month	25 days of 8 hours each





10. Dora and Co. has three production departments A, B and C and two service departments D and E. The following figures are extracted from the records of the company.

	₹		₹
Rent and rates	5,000	General lighting	600
Indirect wages	1,500	Power	1,500
Depreciation of machinery	10,000	Sundries	10,000

The following further details are available :

	Total	A	B	C	D	E
Floor space(Sq.ft.)	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages (₹)	10,000	3,000	2,000	3,000	1,500	500
HP of machines	150	60	30	50	10	—
Value of machinery (₹)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments on the most equitable basis.

- a) What is labour turnover ? Discuss the steps to be taken for minimising labour turnover (any 6).

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- b) The component 4 is used as follows :

Normal usage 50 units per week each

Minimum usage 25 units per week each

Maximum usage 75 units per week each

Re-order quantity 300 units

Re-order period 4-6 weeks

**Calculate :**

- Re-order level
- Minimum level
- Maximum level

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