

**III Semester B.B.A. Examination, Jan./Feb. 2025**

**(NEP) (F+R)**

**BUSINESS ADMINISTRATION**

**3.1 : Elements of Cost Accounting**

Time : 2½ Hours

Max. Marks : 60

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

**SECTION – A**

Answer any 6 of the following sub-questions, carries 2 marks.

**(6×2=12)**

1. a) What do you mean by cost accounting ?
- b) Name any four techniques of inventory control.
- c) What is idle time ?
- d) State any 4 factory overheads.
- e) What is ABC analysis ?
- f) Name any two examples of direct materials.
- g) What are indirect materials ? Give examples.
- h) Give the formula of EOQ.

**SECTION – B**

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

2. Differences between cost accounting and financial accounting.
3. Prepare a cost sheet from the following information :

**Rs.**

Direct materials	–	1,10,000
Production wages	–	70,000
Factory overheads	–	50,000
Office overhead	–	35,000
Selling exps.	–	15,000
Sale of scrap	–	3,000
Sales	–	2,90,000



4. From the following information calculate economic order quantity :
- I) Quarterly consumption of materials – 2000 units.
  - II) Cost of placing one order Rs. 50.
  - III) Cost per unit Rs. 40.
  - IV) Storage and carrying cost 8% of inventory.
5. Calculate total earnings of worker under Halsey and Rowans plans.
- Standard time – 10 hours  
Time taken – 6 hours  
Hourly rate – Rs. 2
6. From the following particulars calculate the Machine hour rate.
- Cost of machine – Rs. 11,000  
Scrap value – Rs. 680  
Repairs for effective working life – Rs. 1,500  
Standing charges for 4 weekly Rs. 1,600  
Effective working life 10,000 hours  
Power used 6 units per hour at Rs. 5 paise per unit  
Hours worked in 4 weeks – 120 hrs.

### SECTION – C

Answer any 3 of the following questions, carries 12 marks.

(3×12=36)

7. In respect of a factory the following figures have been obtained for the year 2023.

Cost of materials – Rs. 6,00,000  
Direct wages – Rs. 5,00,000  
Factory overheads – Rs. 3,00,000  
Admin. overheads – Rs. 3,36,000  
Selling overheads – Rs. 2,24,000  
Distribution overheads – Rs. 1,40,000  
Profit – Rs. 4,20,000

A work order has been executed and the following expenses have been incurred :

Materials – Rs. 8,000  
Wages – Rs. 5,000

Assuming that in the year 2024, the rate of factory overheads has increased by 20%. Distribution overheads have gone down by 10% and selling and administration overheads each gone up by 15%. At what price should the product be sold in 2024 so as to earn the same rate of profit in the selling price as on 2023 ?

8. The following transactions in the purchase and issues of a materials :

- 2023 Jan. 2 – Purchase – 4000 units at Rs. 4 per unit  
" Jan. 20 – Purchase – 500 units at Rs. 5 per unit  
" Feb. 8 – Purchase – 2000 units  
" Feb. 18 – Issued – 4000 units  
" March 3 – Issued – 1000 units  
" March 6 – Issued – 2000 units  
" March 20 – Purchase 4500 units at Rs. 5.50 per unit  
" March 25 – Issued – 3000 units

From the above prepare Store ledger account, using FIFO method.

9. Anand Company Ltd. has three production depts. A, B and C and two service depts. X and Y. The following figures are extracted from the records of the company :

- Rent and rates – Rs. 5,000
- Indirect wages – Rs. 1,500
- Depn. of machinery – Rs. 10,000
- General lighting – Rs. 600
- Power – Rs. 1,500
- Sundries – Rs. 10,000

The following further details are available.

	Total	A	B	C	X	Y
Floor space (sq. ft)	10000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
HP of machine	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 depts. on the most Equitable basis.



10. Two components A and B are 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 : A : 300 units

B : 500 units

Re-order period : A = 4 to 6 weeks

B = 2 to 4 weeks

Calculate for each component :

- a) Re-order level
- b) Minimum level
- c) Maximum level
- d) Average stock level

11. a) What is labour turnover ? State the causes of labour turnover.

b) The following transactions prepare store ledger account under using Weighted Average Price method.

2024 July – 1      Opening stock – 500 units at Rs. 20 each

"      July – 4      Purchased – 400 units at Rs. 21 each

"      July – 6      Issued – 600 units

"      July – 8      Purchased – 800 units at Rs. 24 each

"      July – 9      Issued – 500 units

"      July – 13      Issued – 300 units.

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