

(For candidates admitted from 2008–2009 onwards)

B.B.A. DEGREE EXAMINATION, NOVEMBER 2011.

Part III — Business Administration — Major

COST ACCOUNTING

Time : Three hours

Maximum : 75 marks

PART A — ( $10 \times 2 = 20$ )

Answer ALL questions.

1. Define "Costing".
2. Define "Cost sheet".
3. Define "FIFO".
4. What is meant by an inventory control?
5. Define "Time - Keeping".
6. Define "Labour Turnover".
7. Define "Job costing".
8. Define "Contract costing".
9. Define "Operational costing".
10. What is meant by Abnormal Loss?

PART B — ( $5 \times 5 = 25$ )

Answer ALL questions.

11. (a) Briefly explain the classification cost.

Or

- (b) List out and explain the objectives of preparing a Tender.



12. (a) What are the advantages of centralised purchasing?

Or

- (b) (i) The availability of an imported machinery component is irregular and consequently, the consumption pattern also varies during the year. Show how should the "re-ordering level" be ascertained for this component.
- (ii) From the following data for the last 12 months, compute the average stock level for the said component :

	Consumption
(1) Maximum usage in a month	300 Nos
(2) Minimum usage in a month	200 Nos
(3) Average usage in a month	225 Nos

Time lag for procurement of material; maximum 6 months; minimum – 2 months; Re-ordering quantity : 750 Nos.

13. (a) List out requisites of a good time-keeping system.

Or

- (b) State the merits and demerits of Gant's Task and Bonus plan.

14. (a) What are the advantages of departmentalisation of overhead expenses? Explain.

Or

- (b) Calculate Machine Hour Rate from the following :
- (i) Cost of machine Rs. 19,200
- (ii) Estimated scrap value Rs. 1,200



(iii) Average repair and maintenance charges per month  
Rs. 150.

(iv) Standing charges allocated to machine per month  
Rs. 50.

(v) Effective working life of machine 10000 hours.

(vi) Running time per month 166 hours

(vii) Power used by machine : 5 units per hour @ 19 paise  
per unit.

15. (a) A & B Co. produce refrigerators and sell each for Rs. 2,000 during a certain financial year. The direct material direct labour and overhead costs are 60%, 20% respectively of the cost of sales :

In a subsequent year, the direct material cost has increased by 15% and direct labour by 17.5%. Due to these increases in cost there would be 50% decrease in the amount of profit. If the same selling price is maintained, compute the new selling price to maintain the same percentage of profit as earned during the previous year.

Or

- (b) In Process A 100 units of raw materials were introduced at a cost of Rs. 1000. The other expenditure incurred by the process was Rs. 602. Of the units introduced 10% are normally lost in the course of manufacture and they possess a scrap value of Rs. 3 each. The output of Process A was only 75 units. Prepare Process A A/c and abnormal loss a/c.



PART C — (3 × 10 = 30)

Answer any THREE questions.

16. Bring down and explain the relationship between cost and financial accounting.
17. The following transactions took place in respect of an item of materials :

Date	Receipts	Rate	Issue
	Quantity	Rs.	Quantity
2.3.2009	200	2.00	
10.3.2009	300	2.40	
15.3.2009			250
18.3.2009	250	2.60	
20.3.2009			200

Record the above transactions in the stores ledger, pricing the issues at :

- (a) Simple average rate
  - (b) Weighted average rate.
18. For a certain work order, the standard time is 20 hours, wages Rs. 5 per hour, the actual time taken is 13 hours and factory overhead charges are 80% of standard time.

Set out a comparative statement showing the effect on paying wages on

- (a) The Halsey and
- (b) The Rowan Incentive Bonus System.



19. The following figures have been extracted from the books of a manufacturing company. All jobs pass through the Co's two departments :

Particulars	Working dept	Finishing dept
	Rs.	Rs.
Materials used	6,000	500
Direct labour	3,000	1,500
Factory overheads	1,800	1,200
Direct Labour Hours	12,000	5,000
Machine hours	10,000	2,000

Following information relates to jobs No. 17

Particulars	Working dept	Finishing dept
	Rs.	Rs.
Materials used	120	10
Direct labour	65	25
Direct labour hours	265	70
Machine hours	255	25

You are required

- To enumerate four methods of absorbing factory overheads by jobs showing the rates for each dept under the methods quoted; and
- To prepare a statement showing the different cost results for job No. 17 under each of four methods referred to :



20. A product passes through three distinct processes to completion these processes are numbered respectively 1, 2 and 3. During the week ended 15<sup>th</sup> Jan 2005, 500 units are produced. The following information is obtained :

Particulars	Process 1	Process 2	Process 3
	Rs.	Rs.	Rs.
Direct materials	3,000	1,500	1,000
Direct labour	2,500	2,000	2,500
Direct expenses	500	100	500

The overhead expenses for the period were Rs. 1400 apportioned to the processes on the basis of wages.

No work-in-process or process stocks existed at the beginning or at the end of the week. Prepare process A/cs.