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BBA 181501

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2/2/2021

B.B.A. 5<sup>th</sup> Semester End-Term Examination

Business Administration

COST AND MANAGEMENT ACCOUNTING

(New Regulation)

Full Marks - 70

Time - Three hours

The figures in the margin indicate full marks  
for the questions.

Question No. 1 compulsory and any *four* from the rest.

1. State true or false : (10 × 1 = 10)
- (a) Carriage Inward is an item to be included in cost of raw material consumed.
  - (b) Selling overhead is a direct expense.
  - (c) Cost sheet is also called statement of cost.
  - (d) Stores ledger A/C only records the quantity of material, but does not record the price or cost of it.
  - (e) When cost of goods sold is greater than the sales volume, then the difference will be called gross loss.
  - (f) Inventory carrying cost is also called holding cost.
  - (g) Halsey Premium Bonus Plan is a non-incentive plan.
  - (h) According to Taylor Differential Piece Rate System, a labour will be penalised in wages if he is below the standard.
  - (i) While computing Machine Hour Rate, Repair and Maintenance will be charged under Standing Charges.
  - (j) When the normal loss of material is sold at some value, then it is called scrap.

[Turn over

2. (a) Following details are extracted from the factory records of XYZ Limited for the month of January 2021, related to the workers, Jaydeep and Veerudas.  
Standard time allowed per day is 8 hours. Rate per hour is Rs. 20/-. Calculate the earnings of the two workers under Halsey Premium Bonus Plan and Rowan Premium Bonus Plan if time taken is 4.5 hours, 6.5 hours and 7 hours respectively by both the employees. (5 + 5 = 10)
- (b) Discuss the various elements of cost. (5)
3. (a) From the following information, calculate EOQ, No. of orders and total inventory cost. Quarterly consumption of material = 2000 kg. Cost of placing an order = Rs. 50/-. Cost per unit is Rs. 32/-. Storage and carrying cost = 10% of Average Inventory. (5)
- (b) Discuss the elements of Cost. Elaborate the different types of cost associated with cost accounting. (3 + 7 = 10)
4. (a) From the following data, calculate Machine Hour Rate of XYZ Limited Industry.
- Cost of the Machine = Rs. 50,000. Installation charges for the machine = Rs. 10,000.
- Estimated scrap value = Rs. 5000/-. Expiry life of the Machine = 5 years.
- Rent and rates for the shop = Rs. 1000 per month.
- General lighting for the shop = Rs. 800 per month.
- Insurance premium for the machine = Rs. 1000 per annum.
- Electricity for the shop = Rs. 1500 per month (out of 10 light points, 4 points are used for the machine).
- Repair and maintenance expenses = Rs. 800 per annum
- Power consumed by the machine is 10 units per hour. Rate of power per unit = Rs. 0.60.
- The machine occupied 1/5th of the total area of the shop.
- Nos. Of hours worked per year = 2000 hours. (10)
- (b) Write the difference between Cost Accounting and Financial Accounting. (5)
5. Following particulars are extracted from the factory of ABC limited cost records. You are asked to prepare a cost sheet for the month ended December 2021.

	Rs.
Stock of material on 1.12.21	80,000
Stock of material on 31.12.21	70,000
Direct wages	60,800
Indirect wages ( factory )	10,520

	Rs.
Work in progress on 1.12.21	29,500
Work in progress on 31.12.21	21,800
Purchase of raw material	62,700
Factory rent	15,000
Depreciation on machinery	4,500
Expenses on purchase	3,200
Carriage outward	2,000
Carriage inward	1,000
Advertisement	5,000
Office rent	4,280
Traveller's commission of wages	6,780
Stock of finished goods on 1.12.21	52,900
Stock of finished goods on 31.12.21	32,720
Sales	3,62,000
Depreciation on furniture	2,800
Depreciation on computer	1,200

Calculate :

- (a) Cost of Raw material consumed.
- (b) Prime Cost
- (c) Works Cost
- (d) Cost of Production
- (e) Cost of goods sold
- (f) Cost of sales
- (g) Profit or Loss.

(15)

6. Surya Limited produces product 'A', which requires to be processed in three continuous process. Following particulars are related to the three processes, you are required to prepare the processes account.

	Process 1	Process 2	Process 3
Raw material (kgs)	500	-	-
Material cost per kg (Rs.)	5/-	-	-
Process wastage of input (%)	10%	16%	20%

	Process 1	Process 2	Process 3
Direct labour hours worked (hours)	10	12	15
Labour rate per labour hour (Rs.)	25	35	45
Overhead rate per labour hour (Rs.)	18	21	25

Finished goods are sold at a profit of 30% on sale. (15)

7. The following are the transactions of a firm in purchase and issue of material. Prepare stores ledger A/c using FIFO and LIFO method of pricing the material issue.

2021

May 1. Opening stock of 300 units @ Rs. 10/- each

May 6. Purchased 110 units @ Rs. 12/- each.

May 11. Purchased 140 units @ Rs. 13/- each

May 16. Purchased 185 units @ Rs. 15/- each

May 25. Purchased 190 units @ Rs. 16/- each

The issues during May, 2021 are as follows:

2021

May 2. Issued 180 units

May 8. Issued 120 units

May 12. Issued 105 units

May 28. Issued 210 units.

(15)