

MID-WESTERN UNIVERSITY  
EXAMINATIONS MANAGEMENT OFFICE  
MAKE-UP EXAMINATION: 2018  
BACHELOR OF BUSINESS STUDIES (BBS)  
SEMESTER – I

Subject: Cost Accounting  
Full Marks: 60

Course Code: MGMT 314  
Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)**

Answer **ALL** questions.

- Q1. What is cost accounting?  
Q2. Write any two importance of cost accounting.  
Q3. What is Semi-fixed cost?  
Q4. You are given the following cost equation:  
 $Y = 50,000 + 2.5 X$   
**Required:** Determine the total cost when the level of activity is 5,000 DLH.  
Q5. Write any two differences between direct labour cost and indirect labour cost.  
Q6. Write any two assumptions of economic order quantity.  
Q7. What do you mean by idle time?  
Q8. What is Wok-in-Progress?  
Q9. Mentions any two advantages of process costing.  
Q10. Write any two examples of by-products?

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

- Q11. The cost structure of a company at different level of working hours has been given below: 2+2+2+2

Machine Hours	Supervision Cost (Rs.)
200	1,500
400	2,300
600	3,100
800	3,900
1000	4,700

**Required:** By least square method:

- a. Variable cost per unit  
b. Amount of fixed cost  
c. Operating machine hours when the Supervision cost is Rs. 5,000  
d. Estimated Supervision cost for the Operating 1,200 machine hours
- Q12. List out the branches of accounting .Explain the objectives of cost accounting. 2+6
- Q13. Take home pay proposed under Halsey premium plan to a worker (not in tax bracket) is Rs. 2000. The pay was determine at an hourly wage rate of Rs. 16.The specification of normal time for the job was 150 hours.  
**Required:**  
a. Time spent by the worker to complete the job. 2  
b. Time saved by the worker 1  
c. Bonus offered 2  
d. Total wages under Rowan Plan 3
- Q14. The following information are given to you: 2+2+2+2
- |   |             |
|---|-------------|
| Estimated yearly need                           | 27000 units |
| Purchase price per unit                         | Rs. 2.5     |
| Cost to Process a purchase order                | Rs. 200     |
| Holding cost 48% of unit value per year working | 360 days    |
| Safety stock                                    | 70% of EOQ  |
| Daily Usage                                     | 150 Units   |
| Lead Time                                       | 8 days      |
- Required:**  
a. Economic Order Quantity  
b. Total cost at EOQ  
c. Optimum no. of orders  
d. Re-order Level

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

- Q15. a) G K Pvt.Ltd. is a factory with three production department A, B and C and two service department Y and Z. Overheads for a period are as follows:

Electric light	6,400
Salary	34,000
Factory rent	23,000
Power	20,000
Depreciation	26,000
General overheads	17,000

The following information is available:

	Production department			Service Department	
	A	B	C	X	Y
Direct Material cost	80,000	60,000	50,000	20,000	20,000
Direct Labour cost	30,000	20,000	15,000	10,000	10,000
Machine hour	5,000	4,000	2,000	-	-
Light Point	10	8	6	4	4
Horse Power (HP)	20	12	6	1	1
Area in sq. feet	400	300	200	100	150
Value of plant (Rs.)	600,000	400,000	300,000	-	-
Service rendered by service department	40	30	30		

- Required:** 1) Overhead cost for each production department 7  
 2) Machine hour rate of production department. 1  
 b) What do you mean by job order costing? Write its features. 2+3

- Q16. A product is completed in three consecutive processes. During a particular month, the input of raw material 5,000 units at Rs. 2 per unit is consumed. Other information for the month was as follows:

	Process A	Process B	Process C
Output in Units :	4,700	4,300	4,050
Normal loss of input	5%	10%	5%
Scrap value per unit (Rs.)	3	5	8
Selling price per unit (Rs.)	-	18	32
Direct wages (Rs.)	3,000	5,000	8,000
Direct expenses (Rs.)	10,250	9,910	14,270
Manufacturing overheads (Rs.)	6,000	10,000	16,430

Entire output of process A was passed to the next process while 60% of the output of process B and 50% of the output of process C was transferred to next processes respectively and the balance was sold. General office expenses and selling expenses are absorbed Rs. 12,500 and Rs. 18,500 respectively.

- Required:** a) Process A, Process B and Process accounts 9  
 b) Statement of income for the period. 4

- Q17. a. Define incentive wages system and Explain in any four methods of incentive wage system in details. 6.5  
 b. What do you mean by monetary and non-monetary benefit in labor cost? Write with examples. 6.5

