

DEPARTMENT OF MANAGEMENT
School of management & Business studies
JAMIA HAMDARD

Online Examination July 2021

BBAMBA-Integrated- IInd Semester

Subject Name: **COST ACCOUNTING**
Subject Code: **BBA(I)-F-08**

MM: 75
Time: 03Hours

Email Id of Examiner: backlogsupplementaryexam2021@gmail.com

Email Id of the Assistant Superintendent of Exams: bba2ndsemexjulyaugust2021@gmail.com

Email Id of Dean: deanmanagement@jamiahamdard.ac.in

Note:

- Students have to submit the **Scannedhand written solution** to the Examiner, Assistant Superintendent of Examination and Dean on the email ids as mentioned above.
- Students shall use **ruled white paper & blue ink** to write the solution. Each page must have a **serial number and the signature** of the student.
- An additional $\frac{1}{2}$ an hour will be given to the examinees to scan the answer sheets, convert it into single PDF and upload it on the id's given on the question papers.
- If any two copies are found to be similar then both the copies shall be cancelled. Such students will be considered/ tried for unfair means.
- The attached PDF shall be named as follows --
Roll No- Full Name-Enrollment Number-Course-Semester-Subject Abbreviation(Example: 9334032-Rabia Shaheen-2019-334-032-BBA-IV-MTS) and students shall also mention the same in subject line of the email & his/her answer copy also.
- Answer All Questions, each carry equal marks.

Q1: (a) Oil India is a bulk distributor of high octane petrol. A periodic inventory of petrol in hand is taken when the books are closed at the end of each month. The following summary of information is available for the month:

Particulars	Amount
Sales	₹ 9,45,000
General Administration cost	₹ 25,000
Opening Stock 1,00,000 litres at ₹ 3/litre	₹ 3,00,000

Purchases (including Freight inward)

June 1: 2,00,000 litres at ₹ 2.85/litre
 June 30: 1,00,000 litres at ₹ 3.03/litre
 June 30: Closing stock 1,30,000 litres

Compute the following data by the FIFO and LIFO methods of inventory costing

- Value of inventory on 30th June
- Amount of cost of goods sold for June
- P&L for June

(b) A firm expects to have ₹25,000 in bank on 1st May 2021 and requires you to prepare an estimate of cash position during the three months - May to July 2021. The following information is supplied to you:

Months	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
March	₹ 50,000	₹ 30,000	₹ 6,000	₹ 5,000	₹ 4,000	₹ 3,000
April	₹ 56,000	₹ 32,000	₹ 6,500	₹ 5,500	₹ 4,000	₹ 3,000
May	₹ 60,000	₹ 35,000	₹ 7,000	₹ 6,000	₹ 4,000	₹ 3,500
June	₹ 80,000	₹ 40,000	₹ 9,000	₹ 7,500	₹ 4,000	₹ 4,500
July	₹ 90,000	₹ 4,00,000	₹ 9,500	₹ 8,000	₹ 4,000	₹ 4,500

Other Information:

- 20% of sales is for cash and remaining sales is collected in the month following that of sale.
- Supplier supply goods at two-month credit.
- All expenses are paid in the month following the one in which they are incurred.
- The company pays dividend to shareholders and bonus to workers of ₹10,000 and ₹15,000 respectively in the month of May.
- Plant has been ordered and is expected to be received in June. It costs ₹ 80,000 and is payable on receipt.
- Income tax ₹25,000 is payable in July.

Q2: (a) You are requested to calculate earnings of a worker for a week under (i) straight piece rate, (ii) Differential Piece rate, (iii) Halsey premium scheme, (iv) Halsey weir plan and (v) Rowan premium plan.

Weekly working hour	48
Hourly wage rate	₹7.50
Piece rate per unit	₹ 3
Normal time taken per piece	20 minutes
Normal output per week	120 pieces
Actual output for the week	150 pieces
Differential piece rate – 80% of piece rate when output is below normal & 120% when output is above normal.	

(b) A company is paying its workers under Emerson's efficiency plan. The standard output fixed for a week of 48 hours is 500 units. Hourly wage rate is Rs 12. The output of workers during the week are: worker A 300 units, worker B 450 units, worker C 500 units and worker D 550 units.

The daily wage rate is paid without bonus to workers who show upto $66\frac{2}{3}$ percent of the standard. Beyond this there is a bonus payable in a grade scale in a fixed ratio to the increased output as follows:

Efficiency	Bonus
90%	10%
100%	20%

Further increase of bonus by 1% for every 1% further rise in efficiency. Find out the weekly earnings of workers A, B, C, and D.

Q3: (a) Why batch costing needs mathematical formula to calculate economic batch quantity? Illustrate & compare.

(b) There are three production departments and two service departments. The expenses incurred by them during the 3 months from 1.1.2021 to 31.3.2021 are as under;

Production Department	
P	₹80,000
Q	₹70,000
R	₹50,000

Service Department	
X	₹23,400
Y	₹30,000

This expenses of service departments are apportioned to other departments on the following basis:

	P	Q	R	X	Y
Service Dept X	20%	40%	30%	-	10%
Service Dept Y	40%	20%	20%	20%	-

Show clearly as to how service department expenses are apportioned to production department. What are the differences in total cost among simultaneous equation method and trail & error method?

Q4: (a) The following are the cost information relating to Job No: 345.

Direct Materials – ₹ 2000

Direct Wages – Department X – 15 Hours at ₹ 10 per hour

Department Y – 12 Hours at ₹ 15 per hour

Department Z – 20 Hours at ₹ 20 per hour

The estimated variable expenses for these departments are as follows:

Dept. X ₹ 15000 for 5000 labour hours

Dept. Y ₹ 30000 for 7,500 labour hours

Dept. Z ₹ 20000 for 10,000 labour hours

The estimated fixed overheads are ₹ 168750 for 22,500 hours. Add 20% on cost for profit. Draw up a cost sheet.

(b) A ltd produces and sells its products through two consecutive processes 'A' and 'B'. The following are the expenses and other relevant data for the month of July 2021

Particulars	Process A	Process B
Raw materials introduced	1800 tons	320 tons
Cost Per Unit	₹ 15	₹ 20
Indirect Materials	₹4,500	₹ 2,000
Direct wages	₹16,000	₹9,000
General Expenses	₹ 1,820	₹ 2,616
Normal loss on input	10%	5%
Normal Scrap Value per ton	₹ 4.00	₹ 5.50
Actual Output	1600 tons	1850 tons

Prepare process accounts. Also prepare normal loss, abnormal loss and abnormal gain account

(c) A transport company is running 4 buses between two towns which are 50 KM away from each other. Seating capacity of each bus is 40 passengers. The following particulars are given from their books for April 2021.

Wages of operators & drivers	₹ 2400
Salaries	₹ 1000
Diesel, oil	₹ 4000
Repairs & expenses	₹ 800
Insurance & tax	₹ 1600
Depreciation	₹ 2600
Interest	₹ 2000

Actual passengers carried were 75% of the seating capacity. All the buses ran on all the days of the month. Each bus made one round trip per day.

Find out the cost per passenger KM.

Q5: A company has annual fixed cost of ₹1,40,00,000. In the year 2020-21, sales amounted to ₹6,00,00,000 as compared with ₹4,50,00,000 in the preceding year 2019-20. Profit in 2020-21 is ₹42,00,000 more than that in 2019-20, on the basis of the above information, answer the following:

- At what level of sales the company would break-even?
- Determine profit/loss on a forecasted sales volume of ₹8,00,00,000.
- If there is a reduction selling price by 10% in the financial year 2021-22 and the company wants to earn the same amount of profit as in 2019-20, what would be the required sales volume?