

2025

BUSINESS ADMINISTRATION — HONOURS

Paper : BBAA-302-CC4

(Cost Accounting)

Full Marks : 75

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

(Marks : 20)

1. Answer *any ten* questions :

2×10

- (a) State two objectives of cost accounting.
- (b) Define semi-variable cost.
- (c) What is incremental cost?
- (d) Differentiate between time rate and piece rate of wages.
- (e) What is time-keeping in labour cost accounting?
- (f) Provide element-wise classification of cost.
- (g) What is purchase procedure for materials in costing?
- (h) Give two examples of administrative overheads.
- (i) Define opportunity cost with an example.
- (j) What is labour turnover?
- (k) Classify overhead on the basis of function.
- (l) What is Batch Costing?
- (m) What is Idle time in cost accounting?
- (n) Define abnormal loss in material management.
- (o) What is cost centre?

Group - B

(Marks : 25)

2. Answer *any five* questions :

- (a) Illustrate the steps of installing a good cost accounting system. 5
- (b) Discuss the different types of costing techniques. 5

Please Turn Over

(3290)

- (c) A company uses the FIFO method for issuing materials. The following transactions relate to Material A for the month of April :

April 1 : Opening stock — 200 units @ ₹ 10 each
 April 5 : Purchased — 300 units @ ₹ 12 each
 April 12 : Issued — 250 units
 April 20 : Purchased — 200 units @ ₹ 14 each
 April 25 : Issued — 150 units.

You are required to prepare a Stores Ledger and find the value of closing stock. 5

- (d) XYZ Tools Ltd. often faces stock-outs of raw materials because the storekeeper does not maintain stock levels or proper records. Sometimes materials are overstocked, leading to wastage. The purchase and stores departments do not coordinate, and documents like purchase requisition and bin cards are poorly maintained.

- (i) What material control problems can you identify from the case?
 (ii) Suggest any two measures that can improve material management. 2+3

- (e) Define overtime in labour cost accounting. What are the possible causes of overtime in companies? How can this be addressed? 1+2+2

- (f) Worker X is paid a time rate of ₹ 50 per hour.
 Standard time allowed for completing a job = 20 hours
 Actual time taken = 15 hours

The company uses the Halsey (50%) Premium Plan.

- (i) Calculate earnings of Worker X under the Halsey Plan.
 (ii) Calculate effective wage rate per hour earned by the worker. 3+2

- (g) A factory uses machine hour rate for absorbing overheads. The following estimates were made for the year :

Factory overheads : ₹ 6,00,000

Machine hours : 1,20,000 hours

Actual data for the month of June :

Actual overheads incurred : ₹ 55,000

Actual machine hours worked : 10,000 hours :

- (i) Calculate the predetermined machine hour rate.
 (ii) Calculate the overheads absorbed during June.
 (iii) Compute under-absorption or over-absorption of overheads. 2+2+1

- (h) GHI Ltd. is a company involved in the production of electronic gadgets. The company produces a variety of products, some of which are high-volume, low-cost items, and others are low-volume,

(3)

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high-cost items. The management is in the process of analysing its cost structure and is considering different cost classifications to help in pricing, cost control, and decision-making.

- (i) Explain how direct and indirect costs would apply to the production of these gadgets.
- (ii) What is the significance of behavioural classification (fixed vs. variable costs) in helping GHI Ltd. make better pricing decisions?
- (iii) How can sunk costs impact the decision-making process at GHI Ltd.? 2+2+1

Group - C

(Marks : 30)

Answer *any three* questions.

3. What are the causes of under-absorption and over-absorption of overheads? How are they treated? 5+5

4. From the following particulars relating to inventory find out :
 - (i) How much should be ordered each time?
 - (ii) When should the order be placed?
 - (iii) What should be the ideal inventory level immediately before the delivery of material ordered is received?
 - (iv) How many times orders for EOQ should be placed in a year?
Annual consumption = 12,000 units (in 360 days)
Cost per unit = Re 1
Ordering cost = ₹ 12 per order
Inventory carrying charge = 20%
Normal lead time = 15 days
Safety stock = 30 days consumption. 3+3+2+2

5. In a factory, the following particulars have been found for a three-month period. Compute the departmental overhead rates for each of the production departments, assuming that overheads are recovered as a percentage of direct wages.

Particulars	Production Departments			Service Departments	
	A	B	C	D	E
Direct Wages (₹)	2,000	3,000	4,000	1,000	2,000
Direct Materials (₹)	1,000	2,000	2,000	1,500	1,500
No. of staff	100	150	150	50	50
Electricity (kWh.)	4,000	3,000	2,000	1,000	1,000
Light points (Nos.)	10	16	4	6	4
Asset Value (₹)	60,000	40,000	30,000	10,000	10,000
Area Occupied (sq.m)	150	250	50	50	50

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The expenses for the period :

Particulars	₹
Motive power	550
Lighting	100
Stores overheads	400
Amenities to staff	1,500
Depreciation	15,000
Repairs and maintenance	3,000
General overhead	6,000
Rent and taxes	275

Additional Information :

Expenses of the service department E are to be apportioned to production departments on the basis of direct wages, and that of service department D, in the ratio of 5 : 3 : 2. 10

6. An organisation operates an individual premium bonus scheme in which an operative's performance is calculated and paid for as follows :

Each task is given a target expressed in standard minutes. The quantity of weekly output achieved is stated in terms of total of standard minutes. The week's total of standard minutes is expressed as a percentage of attendance time (to the nearest whole number). The operator is paid :

Percentage Performance	Rate Paid per Hour (₹)
0-75	2.20
76-90	2.40
91-110	2.80
111 and over	3.40

Three products are assembled and have the following standard times :

Product	Standard Minutes
A	42
B	60
C	75

Calculate the gross pay for each operator from the following information :

Operator	Hours Attended	Performance		
		Products Assembled		
		A	B	C
P	38	15	13	11
Q	39	15	10	8
R	42	15	18	16

10

7. PQR Ltd. is a manufacturing company that produces high-quality home appliances. The company has recently adopted a perpetual inventory system to better control material costs. In order to reduce inventory carrying costs, the company also implemented Just-in-Time (JIT) purchasing to minimize raw material stock levels. However, there have been challenges in managing timely deliveries from suppliers, which has occasionally led to production delays.
- Discuss the advantages and disadvantages of using a JIT system.
 - How does the perpetual inventory system help in controlling material costs compared to a periodic inventory system?
 - In this scenario, explain how ABC Analysis can help the company improve its inventory management.

(2+2)+3+3