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# END SEMESTER EXAMINATION – APRIL/MAY 2026

## BUSINESS ADMINISTRATION – IV SEMESTER BBA

## 25BBA43A: FUNDAMENTALS OF COSTING

**Time: 3 Hours** **Max. Marks: 80**

**Instruction:** *Answer should be written completely in English*

## SECTION – A

1.Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**

a) Define Cost Accounting.
b) Distinguish between Direct and Indirect Expenses.
c) What is the difference between Normal and Abnormal Wastages?
d) What do you mean by Inventory Control?
e) Give any two examples of Factory Overhead.
f) Write any two advantages of Scenario Analysis.
g) Define Overhead.
h) What do you mean by Selling and Distribution Overheads?
i) Why is Reconciliation necessary? State any two reasons.
j) What are Purely Financial Incomes? Give any two examples.

## SECTION – B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. What is Costing? Explain the elements of costing in detail.
3. The following are the particulars given to you:
   Standard time 10 hours
   Time rate Rs. 3 per hour
   Prepare a comparative table under Halsey plan and Rowan plan if time taken is 9 hours, 8 hours, 6 hour, 4 hours and 3hours.The table should clearly show the amount of bonus payable, the amount of total wages and labour cost per hour under the two methods. State at least one point of distinction between Halsey plan and Rowan Plan in the light of your calculations.

4. Okray Co. uses three types of materials X, Y and Z for the production of 'K' Product. The following information is given to you.

| Particulars | X | Y | Z |
|---|---|---|---|
| Normal Usage Rate | 200 | 150 | 180 |
| Minimum Usage Rate | 100 | 100 | 90 |
| Maximum Usage Rate | 300 | 250 | 270 |
| Re-Order Quantity Units | 750 | 900 | 720 |

| | | | |
|---|---|---|---|
| Re-order Period (Months) | 2 to 3 | 3 to 4 | 2 to 3 |

Calculate for each Material:

a) Re-Order Level
b) Minimum Level
c) Maximum Level

5. Distinguish between Allocation and Apportionment of Overhead.

6. The Net Profit of a manufacturing company appeared at Rs 74,500 as per financial records for the year ended 31st March,2023. The cost books, however, showed a net profit of Rs 88,460 for the same period. A careful scrutiny of the figures from both the sets of accounts revealed the following facts:

| | |
|---|---|
| Income tax provided in financial books | 10,000 |
| Bank interest credited in financial books | 250 |
| Works overhead under recovered in cost book | 1550 |
| Depreciation charged in financial books | 5600 |
| Depreciation recovered in costing books | 6000 |
| Administration overheads over recovered | 850 |
| Loss due to obsolescence charged in financial accounts | 2800 |
| Interest on investments not included in cost accounts | 2000 |
| Stores adjustments (credited in financial books) | 240 |
| Loss due to depreciation in stock values charged in financial books | 3350 |

You are required to prepare (a) Reconciliation Statement
(b) Memorandum Reconciliation Account.

## SECTION – C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. The following is the summarized trading and profit and loss account for the year ending 31st March,2023 in which year 800 waterproofs were sold by the said company.

| Particulars | Amount | Particulars | Amount |
|---|---|---|---|
| To Cost of Materials | 32,000 | By Sales | 1,60,000 |
| To Direct Wages | 48,000 | | |
| To Manufacturing Wages | 20,000 | | |
| To Gross Profit c/d | 60,000 | | |
| Total | 1,60,000 | Total | 1,60,000 |
| To Office Salaries | 24,000 | By Gross Profit b/d | 60,000 |
| To Rent and Taxes | 4,000 | | |
| To Selling Expenses | 8,000 | | |
| To General Expenses | 12,000 | | |
| To Net Profit | 12,000 | | |
| Total | 60,000 | Total | 60,000 |

Following estimates were made by the Costing Department of the company for the year ending 31st March,2024:

1) The output and the sales will be 1000 waterproofs.
2) The price of the materials will rise by 25% on the previous year's level.
3) Wages during the year will rise 12.5%.

4) Manufacturing cost will rise in proportion to the combined cost of materials and wages.
5) Selling cost per unit will remain unchanged.
6) Other expenses will remain unaffected by the rise in output.

From the above information, prepare a Cost Statement showing the price at which the waterproofs would be marketed so as to show a profit of 10% on selling price.

8. The following transactions took place in respect of a material item:

| | | |
|---|---|---|
| 1 July | Opening cost | 500 units @Rs 20 each |
| 4 July | Purchased | 400 Units @Rs 21 each |
| 6 July | Issued | 600 units |
| 8 July | Purchased | 800 units @Rs 24 each |
| 9 July | Issued | 500 |
| 13 July | Issued | 300 |
| 24 July | Purchased | 500 units @ Rs 25 each |
| 28 July | Issued | 400 units |

Prepare store ledger account by using:

a) FIFO
b) LIFO  c) Weighted Average Methods

9. What is Time Keeping? Briefly explain the methods of Time Keeping in a factory?

10. A Company has three production cost centres A, B and C and two service cost centres X and Y, Costs allocated to service centres are required to be apportioned to the production centres to find out cost of production of different products.

It is found that the benefit old service cost centres are also received by each other along with the production cost centres.

Overheads costs as allocated to the five cost centres and estimate of benefit of service cost centres received by each of them are as under:

| Cost Centres | Overheads cost as allocated (Rs) | Estimates of benefits received from service centres% | |
|---|---|---|---|
| | | X | Y |
| A | 80,000 | 20 | 20 |
| B | 40,000 | 30 | 25 |
| C | 20,000 | 40 | 50 |
| X | 20,000 | Nil | 5 |
| Y | 10,000 | 10 | Nil |

Required: work out final overhead costs of each of the production departments including re-apportioned cost of service centres using:

a) Continuous distribution method
b) Simultaneous equation method

11. The following is the Trading and Profit and Loss Account of Time and Tide Limited for the year ended 31st December,2022.

| | | | |
|---|---|---|---|
| To Material Consumed | 105,000 | By Sales (1,50,000 Units) | 2,00,000 |
| To Direct Wages | 45,000 | | |
| To Work Overheads | 30,000 | | |

| | | | |
|---|---|---|---|
| To administration Overheads | 9,000 | | |
| To Selling and distribution overheads | 6,000 | | |
| To net profit | 5,000 | | |
| Total | 2,00,000 | Total | 2,00,000 |

The normal output of the factory is 1,00,000 units. Factory expenses of fixed nature are Rs 18,000. Office expenses are for all practical purpose constant. Selling and distribution expenses are constant to the extent of Rs 3000 and balance varies with sales.
Prepare Costing profit and loss Account and Reconciliation Statement.