



Institute of Management
JK Lakshmipat University
Jaipur

BACKLOG EXAMINATION



BBA +MBA(I) 2012-2018
MM: 50 Marks

Course: Introduction to Costing
Time: 3 Hours
Subject code: BBA032

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. A manufacturing Concern purchases from time to time large quantities of a commodity used in the manufacture of one of its products. Following are the details of purchases during the six months ended 31st December, 2010. (10 marks).

2010	Quantity	Cost price per 100
August 12	5,000	□20
September 15	12,500	□21
October 20	10,000	□19
November 3	7,500	□18
December 1	6,000	□18
December 20	1,500	□17

There were 7,500 units in stock at July 1, 2010, which were valued at □ 19 per 100.

Quantities were issued from Store during the six months were as under:

2010	Quantity
July, 25	5,000
August 28	4,000
September 29	12,500
October 30	10,000
November 15	9,000
December 29	7,500

At what prices should the issues be charged and the closing stock valued?. Prepare a Stores ledger account illustrating your views.

Q2. Make a classification of overheads and discuss the various bases for apportionment of overheads. (10 marks).

Q3. Answer the following- (10 marks).

- Total cost of 2000 units is □ 32000 and for 3200 units is □38, 000. What will be the fixed cost?
- Normal rate per hour for worker A in a factory is □ 5.40. Standard time per unit for the worker is one minute. Calculate the normal piece rate per unit for the worker

- c. Annual requirement is 1600 units and cost of material per unit is ₹ 40. The cost of placing and receiving one order is ₹ 50. Annual carrying cost of inventory is 10% of inventory value. Calculate EOQ.
- d. Calculate the maximum level, minimum level and reordering level from the following data:
- | | |
|---------------------|--------------------|
| Re-order quantity | 1500 units |
| Re-order period | 4 to 6 weeks |
| Maximum consumption | 400 units per week |
| Normal consumption | 300 units per week |
| Minimum consumption | 250 units per week |

Q4. Write Short notes on any (3). (10 marks).

- Allocation and apportionment
- Labor turnover
- Merrick's multiple piece rate system
- Objectives of Cost accounting

Q5. The Ultra sound Company Ltd is divided into four departments – A, B and C are the production departments and D is the service department. The actual costs for Apr, 2015 were as follows:- (10 marks).

	₹
Rent	1,000
Repairs to plant	600
Depreciation of plant	450
Light	100
Supervision	1,500
Fire insurance stock	500
Power	900
Employees State insurance contribution is	₹ 150.

The following additional information is available regarding four departments:-

Departments	A	B	C	D	
Area (Sq.ft)	1,500	1,100	900	500	
No. of Employees	20	15	10	5	
Total Wages (₹)		6,000	4,000	3,000	2,000
Value of Plant (₹)	24,000	18,000	12,000	6,000	
Value of Stock (₹)	15,000	9,000	6,000	-	

Apportion the cost to the various departments by preparing a overhead distribution chart



Section B

Q6. (a) From the following particulars work out the earnings for the week of a worker under: (10 Marks)

- Straight piece rate
- Differential piece rate
- Halsey weir premium system
- Rowan System

Number of working hour per week	48
Wages per hour	☐ 3.75
Rate per piece	☐ 1.50
Normal time per piece	20 Minutes
Normal output per week	120 pieces
Actual output per week	150 pieces

Q6. (b) International motor manufacture crankshafts for jeeps and Trucks, they have furnished the following particulars for the quarter ended march 31, 2010. (10 Marks)

Material ☐ 2,98,000 ; Direct Wages ☐ 42,000 ; Store expenses ☐ 20,000 ; Machinery Maintenance ☐ 4,600 ; Depreciation ☐ 22,300 ; Staff Wealfare ☐ 12,000 ; General Expenses ☐ 30,000 ; Administration and Sellingexpenses ☐ 27,000.

Additional information provided by them:

	JEEP	TRUCK
Production (Nos.)	300	400
Material Cost ratio per vehicle	1	2
Direct labor ratio	2	3
Machine hour ratio	1	2

Calculate the cost per crankshaft of each vehicle indicating the basis of apportionment adopted by you.