

IV Semester B.B.A. Examination, June/July 2026
(SEP 2024-25)
BUSINESS ADMINISTRATION
BBA 4.1 : Fundamentals of Costing

Time : 3 Hours

Max. Marks : 80

*Instruction : Answers should be written in **English only**.*

SECTION – A

Answer **any seven** out of ten sub-questions. **Each** sub-question carries **2** marks.

(7×2=14)

1. a) Define cost accounting.
- b) Write any four examples of administrative overhead.
- c) What is on-cost ?
- d) What is Economic Order Quantity (EOQ) ?
- e) Write any two advantages of time rate system.
- f) State any two causes of idle time.
- g) Define 'Overhead Cost'.
- h) What is Machine Hour Rate (MHR) ?
- i) Distinguish between direct cost and indirect cost.
- j) What is memorandum reconciliation account ?

SECTION – B

Answer **any three** out of five questions. **Each** question carries **8** marks. (3×8=24)

2. A manufacturer received an enquiry for 1,000 units of a product. Prepare a statement showing the Tender Price per unit so as to earn a profit of 20% on Cost of Production.

Direct materials : ₹ 90,000

Direct labour : ₹ 45,000



Direct expenses : ₹ 15,000

Factory overhead : 80% of direct labour

Administration overhead : 15% of works cost

Selling and distribution overhead : ₹ 20,000.

3. The following transactions relating to Materials X occurred during April 2025.
Prepare a Stores Ledger Account using FIFO Price Method.

April 1 : Opening stock – 200 units @ ₹ 15 each

April 5 : Purchased – 400 units @ ₹ 18 each

April 10 : Issued – 300 units to production

April 15 : Purchased – 300 units @ ₹ 20 each

April 22 : Issued – 350 units to production

April 28 : Purchased – 200 units @ ₹ 22 each

April 30 : Issued – 200 units to production.

4. Compute the Machine Hour Rate for machine M-1 from the following details.

Cost of machine : ₹ 3,00,000

Estimated useful life : 10 years

Scrap value : ₹ 20,000

Annual working hours : 2,000

Repairs and maintenance p.a. : ₹ 9,000

Power consumption : 8 KW/Hour @ ₹ 4 per unit

Consumable stores p.a. : ₹ 5,000

Insurance p.a. : ₹ 3,000

Factory overhead allocated to machine p.a. : ₹ 12,000.

5. A factory has three production departments P, Q, R and two service departments – Maintenance (M) and Power House (H). Carry out Secondary Distribution using the Simultaneous Equation Method.

Overhead before secondary distribution : M – ₹ 24,000 | H – ₹ 16,000

M serves : P – 40%, Q – 30%, R – 20%, H – 10%

H serves : P – 35%, Q – 25%, R – 30%, M – 10%.

6. From the following information, compute :

- i) Reorder Level,
- ii) Maximum Stock Level,
- iii) Minimum Stock Level and
- iv) Danger Level for Material Z.

Normal consumption : 250 units per week

Maximum consumption : 350 units per week

Minimum consumption : 150 units per week

EOQ (Reorder Quantity) : 2,000 units

Normal lead time : 4 weeks

Maximum lead time : 6 weeks

Minimum lead time : 2 weeks

Emergency (Danger) lead time : 1 week.

SECTION – C

Answer **any three** out of five questions. **Each** question carries **14** marks. (3×14=42)

7. The following information is extracted from the financial records of a manufacturing company for the year ended 31st March 2025. Prepare a detailed Cost Sheet showing cost per unit and total Net Profit for the year. Also compute cost of production per unit and cost of goods sold per unit.

Opening stock of raw materials : ₹ 40,000

Raw material purchases : ₹ 1,60,000

Carriage inward : ₹ 4,000

Closing stock of raw materials : ₹ 28,000

Direct wages : ₹ 72,000

Direct expenses : ₹ 8,000

Factory rent and rates : ₹ 15,000

Factory power : ₹ 9,000

Factory insurance : ₹ 6,000

Works manager salary : ₹ 20,000

Opening WIP : ₹ 12,000

Closing WIP : ₹ 18,000

Office salaries : ₹ 20,000

Office stationery : ₹ 3,000

Audit fees : ₹ 4,000

Salesmen salaries : ₹ 14,000

Advertisement : ₹ 6,000

Delivery expenses : ₹ 5,000

Opening finished goods : 300 units @ ₹ 110 each

Closing finished goods : 200 units

Units produced : 2,000 and Selling price : ₹ 180 per unit.



8. The following details relate to five workers in a factory for a day of 8 working hours. Prepare a Payroll Statement showing :

- i) Earnings under Straight Time Rate System,
- ii) Earnings under Straight Piece Rate System,
- iii) Earnings under Halsey 50% Premium Plan,
- iv) Earnings under Rowan Plan and
- v) Effective hourly rate under Halsey Plan and Rowan Plan for each worker.

Standard time per unit : 10 minutes (i.e., standard output per hour : 6 units)

Wage rate : ₹ 30 per hour

Working hours per day : 8

Worker A : Output – 60 units

Worker B : Output – 48 units

Worker C : Output – 40 units

Worker D : Output – 36 units

Worker E : Output – 52 units.

9. A factory has three Production Departments P1, P2, P3 and two Service Departments – S1 (Maintenance) and S2 (Power House). From the following information :

- a) Prepare a Primary Overhead Distribution Summary apportioning common overheads on the bases given.
- b) Carry out Secondary Distribution using the Repeated Distribution Method.

Overhead items and amounts : Rent ₹ 30,000

Lighting ₹ 12,000

Power ₹ 18,000

Depreciation on machinery ₹ 24,000

Supervisors' salaries ₹ 20,000

Insurance on machinery ₹ 6,000



Directly allocated overheads : P1 – ₹ 15,000 | P2 – ₹ 12,000 | P3 – ₹ 10,000 |
S1 – ₹ 8,000 | S2 – ₹ 6,000

Floor area (sq.ft) : P1 – 2,000, P2 – 1,500, P3 – 1,000, S1 – 500, S2 – 500 |
Total : 5,500 sq. ft

Light points : P1 – 40, P2 – 30, P3 – 20, S1 – 5, S2 – 5 | HP of machines :
P1 – 30, P2 – 20, P3 – 10, S1 – 5, S2 – 5.

Value of machinery (₹) : P1 – 2,40,000, P2 – 1,80,000, P3 – 1,20,000,
S1 – 30,000, S2 – 30,000

No. of workers : P1 – 20, P2 – 15, P3 – 10, S1 – 3, S2 – 2

Secondary distribution – S1 serves : P1 – 40%, P2 – 30%, P3 – 20%, S2 – 10%
S2 serves : P1 – 30%, P2 – 35%, P3 – 25%, S1 – 10%.

10. The following information is available from the Cost Accounts and Financial Accounts of a manufacturing company for the year ended 31st March 2025.
Prepare :

- i) a Reconciliation statement and
- ii) a Memorandum Reconciliation Account, to reconcile the profit shown by Cost Accounts with the profit shown by Financial Accounts. Also state four reasons for the difference :

Profit as per Cost Accounts : ₹ 1,50,000

Factory overhead absorbed in Cost Accounts : ₹ 75,000 | Actual factory overhead : ₹ 90,000

Selling overhead absorbed in Cost Accounts : ₹ 25,000 | Actual selling overhead : ₹ 18,000

Administration overhead in Cost Accounts : ₹ 20,000 | Actual administration overhead : ₹ 23,000

Depreciation charged in Cost Accounts : ₹ 20,000 | Depreciation in Financial Accounts : ₹ 26,000

Opening stock – Cost Accounts : ₹ 32,000 | Opening stock – Financial Accounts : ₹ 36,000

Closing stock – Cost Accounts : ₹ 28,000 | Closing stock – Financial Accounts : ₹ 24,000

Interest on investments received (Financial Accounts only) : ₹ 12,000

Dividend paid (treated as appropriation in Financial Accounts only) : ₹ 9,000

Preliminary expenses written off (Financial Accounts only) : ₹ 5,000.

11. Prepare a stores ledger account using weighted average price method for material P from the following transactions for June 2025. Also calculate the value of closing stock and state whether the closing stock matches the physical count of 150 units.

June 1 : Opening balance – 500 units @ ₹ 20 each

June 4 : Received – 600 units @ ₹ 22 each

June 8 – Issued – 700 units to production

June 12 : Received – 400 units @ ₹ 24 each

June 16 : Issued – 500 units to production

June 20 : Received – 300 units @ ₹ 26 each

June 25 : Issued – 400 units to production

June 28 : Returned to stores from production – 100 units (from June 8 issue).
