

**Indian Maritime University**  
**(A Central University, Govt of India)**  
**End Semester Examinations – December 2023**  
**Programme Name: BBA (LRE)**  
**Semester: IV**  
**Subject Code: UG31T2402**  
**Subject Name: Cost & Management Accounting 1**

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Date: 14.11.2023

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

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General Instructions

- (i) All Sections (A, B & C) are to be attempted.
- (ii) Options, if any, are specified in respective section.

**Section A**

**Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.**

1. \_\_\_\_\_ inventory system is a method of recording stores balance at the time of each receipt and issue, to facilitate regular checking and stock taking.
  - a. Continuous
  - b. Periodic
  - c. Perpetual
  - d. None of these
2. Materials which cannot be charged directly \_\_\_\_\_
  - a. Direct material
  - b. Indirect material
  - c. Overheads
  - d. None of the above
3. Cost of abnormal idle time is \_\_\_\_\_ overheads.
  - a. Abnormal
  - b. Normal
  - c. Production
  - d. None of the above
4. Under \_\_\_\_\_ system time spent on job is not considered.
  - a. Piece rate
  - b. Time rate
  - c. Halsey plan
  - d. Rowan plan

5. Process cost is very much applicable in \_\_\_\_
  - a. Construction industry
  - b. Pharma industry
  - c. Airline industry
  - d. None of the above
6. \_\_\_\_ plan does not penalise the workers who produces below standard output
  - a. Taylor's Differential Piece Rate
  - b. Merrick Differential Piece Rate
  - c. Rowan Plan
  - d. None of the above
7. Normal Loss is equal to \_\_\_\_
  - a. Normal output – Actual output
  - b. Actual output – Normal output
  - c. Input \* % of Normal Loss
  - d. None of the above
8. Under this method it is assumed that goods sold are the first units that were purchased
  - a. FIFO
  - b. LIFO
  - c. Weighted Average Method
  - d. None of the above
9. Under \_\_ bonus is paid to the workers on the basis of time saved.
  - a. Time Rate
  - b. Halsey Plan
  - c. Piece Rate
  - d. None of the above
10. Buffer stock is the level of stock
  - a. Half of the actual stock
  - b. At which the ordering process should start
  - c. Minimum stock level below which actual stock should not fail
  - d. Maximum stock in inventory

### **Section B**

#### **Five Questions of 02 Marks each**

11. Explain the escalation clause?
12. Explain what is cost centre and cost unit?
13. Calculate the earnings of a worker Halsey Plan
  - (a) Hourly rate of wages guaranteed 0.50 paise per hour.
  - (b) Standard time for producing one dozen articles -3 hours
  - (c) Actual time taken by the worker to produce 20 dozen articles-48 hours
14. State the objective of Cost Accounting.
15. Explain the distinction between Allocation & Apportionment

### Section C

**Seven Questions of 10 Marks each of which any 05 questions to be answered.**

16. From the following information, prepare a Cost Sheet:

- (a) Material consumed Rs. 2,00,000
- (b) Direct wages Rs. 1,00,000
- (c) Works overheads incurred Rs. 60,000 (60% fixed)
- (d) Office overheads incurred Rs. 18,000 (100% fixed)
- (e) Selling & Distribution expenses Rs. 11,400 (Rs. 5,400 variable)
- (f) Sales 90,000 units at a profit of 7.5% on selling price
- (g) Closing stock of finished goods 10,000 units
- (h) Normal output of the factory 1,50,000 units

17. The extracts from the payroll of a factory is as follows:

Number of employees at the beginning of 20X1	150
Number of employees at the end of 20X1	250
Number of employees resigned	20
Number of employees discharged	10
Number of employees replaced due to resignations and discharges	20

Calculate the labour turnover rate for the factory by Separation Method, Replacement Method and Flux Method.

18. From the following information, prepare a process account, abnormal gain and normal loss account

Input of raw material 840 units @ Rs. 40 per unit	
Direct material Rs. 5,924	
Direct wages Rs. 8,000	
Overheads Rs. 8,000	
Actual output 750 units	
Normal Loss 15%	
Value of scrap per unit	Rs. 10 per unit

19. Shriram Enterprises manufactures a special product "ZED". The following particulars were collected for the year 20X1
- (a) Monthly demand of ZED- 1000 units
  - (b) Cost of placing an order Rs.100
  - (c) Annual carrying cost per unit 6.5%.Purchase price of input unit Rs.200
  - (d) Minimum usage 25 units per week
  - (e) Maximum usage 75 units per week
  - (f) Re-order period 4 to 6 weeks. For emergency purchase 3 weeks

Compute:

- (a) Re-order quantity
  - (b) Re-order level
  - (c) Minimum level
  - (d) Maximum level
  - (e) Danger level
20. What are the factors to be considered before installation of a Cost Accounting system?
21. What are the advantages and disadvantages of Piece Rate System?
22. Discuss the concept of ABC Analysis as a measure of inventory control?