



BRAINWARE UNIVERSITY

Course – BBA

Cost Accounting and Tax Planning (BBA301)

(Semester – 3)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. Choose the correct alternatives for the following:

- I. Income from sub-letting of a house comes under the head
 - a) Income from house property
 - b) Income from other sources
 - c) Income from salary
 - d) Income from business

- II. The charging section of Capital Gain income is
 - a) Section 45
 - b) Section 15
 - c) Section 32
 - d) None of the above

- III. More will be the order quantity, _____ will be the ordering cost
 - a) More
 - b) Less
 - c) Same
 - d) None of the above

- IV. In inflationary situation, which store keeping method yields more profit
 - a) FIFO
 - b) LIFO
 - c) Both
 - d) None

- V. Which of the following is not a service department
- Stores
 - Assembly
 - Canteen
 - payroll
- VI. In Halsey scheme, the bonus is calculated as
- 50% of (Time saved x Time rate)
 - 50% of Time saved
 - (Time saved x Time rate)
 - None
- VII. Bonus ratio in Rowan Scheme is
- Time saved/Time allowed
 - Time saved x Time allowed
 - Time saved + Time allowed
 - None
- VIII. At EOQ level, the
- Ordering cost = Carrying cost
 - Ordering cost > Carrying cost
 - Ordering cost < Carrying cost
 - All of them
- IX. Salary received by a partner from the firm in which he is a partner is taxed under the head
- Salary
 - Business or Profession
 - Other sources
 - Not taxed
- X. Absolute limit while calculating exemption for gratuity is
- Rs. 500000
 - Rs. 1000000
 - Rs. 200000
 - None of the above

Group - B

(Short Answer Type Questions)
(Answer any *three* of the following)

3 x 5 = 15

2. Mr. A resides in Chennai and gets Rs 10,000 per month as basic salary ,Rs 8,000 per month as DA and Rs 12,000 per month as HRA. He pays Rs 10,000 per month as rent. Calculate Taxable HRA.

3. Mr. Rahul retired from ABC Ltd., which is an Indian Non-Government Company as on 30th June'2016. He gets pension of Rs. 4,000 per month up to 31st Dec'2016. On 1st Jan'2017 he gets 40% of pension commuted for Rs 52,800. Calculate the taxable pension if he gets Rs 45,000 as gratuity along with pension.

4. The monthly consumption of product is 20000 units. The ordering cost per order is Rs. 500. The price of the product is Rs. 100 and carrying cost is 2%. You are required to calculate the Economic order quantity.

5. From the following calculate net annual value:

Municipal	Rs 28,000
Fair rental value	Rs 34,000
Standard Rent	Rs 35,000
Actual Rent	Rs 3,000

Municipal tax Rs 1,500 spread by the owner.

Group - C

(Long Answer Type Questions)
(Answer any *three* of the following)

3 x 15 = 45

6. i) From the following calculate income from house property of Mr. A who owns a property consisting of 3 units which separations as follows:

Unit 1 – 40%

Unit 2 – 30%

Unit 3 – 30%

Unit 1 is self-occupied and other two units are let out at a monthly rent of Rs 5,000 and Rs 4,000 respectively.

Municipal value of the property Rs 1,00,000

Fair rental value of the property Rs 1,20,000

Standard rent of the property Rs 1,10,000

Unit 3 was vacant for two months and 1 month's rent could not be realized. 10% municipal tax is to be charged. Interest on borrowed capital comes to Rs 50,000 for the property. Loan was taken during 2000.

ii) From the following information given by Mr. A, Calculate income from salary if contribution towards provident fund is a:

i) SPF

ii) RPF

iii) URPF

Basic Salary	Rs 1,00,000
DA	Rs 30,000
Commission on turnover achieved at 2%	Rs 5,000

The employer contributes Rs 18,000 towards provident fund account. Equal amount is contributed by employee. Rs 6,000 is credited as interest towards provident fund at 10%. [8 +7]

7. From the following particulars calculate: (a) Prime Cost; (b) Works Cost; (c) Cost of Production; (d) Cost of Sales; (e) Profit; and (f) Cost per unit. ABC Industries manufacture a product A.

On 1st January 2003 finished goods in Stock Rs. 50,000

Other stocks such as:

Work in progress (1.1.2002) Rs. 40,000

Raw materials (1.1.2002) Rs.1,00,000

The information available from cost records for the year ended 31st December, 2002 was as follows

	Rs.	
Direct materials	8,00,000	
Direct wages	3,00,000	
Carriage inward	40,000	
Indirect wages	90,000	
Factory cost	2,75,000	
Stock on raw materials (31.12.2002)	80,000	
Work in progress (31.12.2002)	70,000	
Sales (1,20,000 units)	25,00,000	
Indirect materials	75,000	
Office and Administrative overhead	80,000	
Selling and Distribution overhead	1,00,000	
Stock on finished goods (31.12.2002)	60,000	[15]

8. i) A manufacturing company produces a special product A, the monthly demand for which is 500 units. The following particulars are available in respect of material used for manufacturing the product:

Cost of placing an order Rs 120

Annual carrying cost per unit Rs 12

Usage per week 30-90 units

Delivery period 4-6 weeks

Compute:-

- a) Re-order quantity
- b) Re-order level
- c) Minimum level
- d) Maximum level
- e) Average stock level
- f) Total inventory cost, if the company maintains re-order quantity strictly.

ii) State the significance of EOQ? [12+3]

9. The manufacturing company has two production departments X and Y, and 3 service departments – time keeping, stores and maintenance. The departmental distribution summary shows the following expenses for July'2015.

Production Departments	Rs.	Rs.
X	12,000	
Y	<u>8,000</u>	
		20,000
Service Departments		
Stores	2,500	
Time keeping	2,000	
Maintenance	<u>1,500</u>	
		<u>6,000</u>
		26,000

Other information relating to these departments were:-

	Production		Services		
	X	Y	Stores	Time keeping	Maintenance
No.of Employees	20	15	10	8	5
No. Of Stores requisitions	12	10	X	X	3
Machine Hours	1,200	800	X	X	X

Apportion the cost of service departments to production departments X and Y. [15]