



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Bachelor of Business Administration

Course Name - Cost Accounting and Tax Planning

Course Code - 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 alternative from the following*

- (i) Profit from sale of import license of an exporter assessee comes under the head
- | | |
|--|-----------------------------|
| a. Income from other sources | b. Income from Capital gain |
| c. Profit and Gain of Business or Profession | d. None of the above |
- (ii) Deduction under section 24(a) is
- | | |
|-----------------|---|
| a. 1/3rd of NAV | b. repairs actually incurred by the owner |
| c. 30% of NAV | d. Interest on borrowed capital |
- (iii) The maximum ceiling limit for exemption under section 10(10) in respect of gratuity for employees covered by the Payment of Gratuity Act, 1972 is -
- | | |
|------------------|-----------------|
| a. Rs. 10,00,000 | b. Rs. 5,00,000 |
| c. Rs. 3,50,000 | d. Rs. 3,00,000 |
- (iv) The ratios which may be used for comparing labour cost over time include the following except
- | | |
|-----------------------|-----------------------|
| a. Gross profit ratio | b. Illness ratio |
| c. Efficiency ratio | d. Absenteeism ratio. |
- (v) The HRA paid to an employee residing in Patna is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary and -
- | | |
|------------------|------------------|
| a. 30% of salary | b. 40% of salary |
| c. 50% of salary | d. 60% of salary |

- (vi) Rajesh is provided with a rent free unfurnished accommodation, which is owned by his employer, XY Pvt. Ltd., in New Delhi. The value of perquisite in the hands of Rajesh is -
- | | |
|------------------|-------------------|
| a. 20% of salary | b. 15% of salary |
| c. 10% of salary | d. 7.5% of salary |
- (vii) Royalty expenses is an expenses associated with
- | | |
|---------------------------------------|-----------------------|
| a. Prime cost | b. Factory Overhead |
| c. Office and Administrative Overhead | d. None of the above. |
- (viii) Which of the following method shows more profit in the time of inflation
- | | |
|----------|----------------------|
| a. FIFO | b. LIFO |
| c. AVIPO | d. None of the above |
- (ix) The entertainment allowance received by a Government employee is exempt up to the lower of the actual entertainment allowance received, 1/5 th of basic salary and -
- | | |
|--------------|---------------|
| a. Rs. 4,000 | b. Rs. 6,000 |
| c. Rs. 5,000 | d. Rs. 10,000 |
- (x) Weighted average cost per unit is calculated by which of the following formula?
- | | |
|--|-----------------------------------|
| a. Cost of goods issued / number of units issued | b. Total Cost/Total Units |
| c. Cost of goods manufactured/closing units | d. Cost of goods sold/total units |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. Mr. Raj Kumar has the following receipts from his employer:
- (1) Basic pay Rs. 3,000 p.m.
 - (2) Dearness allowance (D.A.) Rs. 600 p.m.
 - (3) Commission Rs. 6,000 p.a.
 - (4) Motor car for personal use (expenditure met by the employer) Rs. 500 p.m.
 - (5) House rent allowance Rs. 900 p.m.
- Find out the amount of HRA eligible for exemption to Mr. Raj Kumar assuming that he paid a rent of Rs. 1,000 p.m. for his accommodation at Kanpur. DA forms part of salary for retirement benefits. 5
3. Who can be considered as a specified employee? Write with appropriate examples? 5
4. Mr. Sagar retired on 1.10.2017 receiving Rs. 5,000 p.m. as pension. On 1.2.2018, he commuted 60% of his pension and received Rs. 3,00,000 as commuted pension. You are required to compute his taxable pension assuming he is a non-government employee, receiving gratuity of Rs. 5,00,000 at the time of retirement. 5

5. State the circumstances in which time rate system of wage payment can be preferred in a factory. 5
6. Distinguish between cost allocation and cost absorption. 5

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. (a) Mr. M is an area manager of M/s N. Steels Co. Ltd. During the financial year 2017-18, he gets the following emoluments from his employer:
- | | |
|--|-------------------------------|
| Particulars | |
| Basic Salary | |
| Up to 31.8.2017 | Rs. 20,000 p.m. |
| From 1.9.2017 | Rs. 25,000 p.m. |
| Transport allowance | Rs. 2,000 p.m. |
| Contribution to recognised provident fund | 15% of basic salary |
| Children education allowance (Total) | Rs. 500 p.m. for two children |
| City compensatory allowance | Rs. 300 p.m. |
| Hostel expenses allowance (Total) | Rs. 380 p.m. for two children |
| Tiffin allowance (actual expenses Rs. 3,700) | Rs. 5,000 p.a. |
| Tax paid on employment | Rs. 2,500 |
- Compute taxable salary of Mr. M for the Assessment year 2018-19. 10
- (b) State the theme of charging section of salary. 5
8. (a) Discuss the treatment of profit from sale of import license, Duty entitlement passbook, cash assistance receipts and duty drawback to an export assessee. 8
- (b) Mr. Vikas owns a house property whose Municipal Value, Fair Rent and Standard Rent are Rs. 96,000, Rs. 1,26,000 and Rs. 1,08,000 (per annum), respectively.
- During the Financial Year 2017-18, one-third of the portion of the house was let out for residential purpose at a monthly rent of Rs. 5,000. The remaining two-third portion was self-occupied by him. Municipal tax @ 11 % of municipal value was paid during the year.
- The construction of the house began in June, 2010 and was completed on 31-5-2013.
- Vikas took a loan of Rs. 1,00,000 on 1-7-2010 for the construction of building. He paid interest on loan @ 12% per annum and every month such interest was paid.
- Compute income from house property of Mr. Vikas for the Assessment Year 2018-19. 7

9. A company has three production department P1, P2, P3 and two service departments X and Y. The following is primary distribution summary

Department	Overhead allocation
P1	Rs50000
P2	Rs40000
P3	Rs60000
X	Rs30000
Y	Rs20000

The service department cost of X, Y are to be charged on the basis of following percentage-

	P1	P2	P3	X	Y
X	20%	30%	40%	-	10%
Y	30%	20%	40%	10%	-

Find out total overheads of the production department using repetitive distribution method.

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10. (a) Worker "x" produces 150 units of a product in a week. He receives wages for a granted 48 hours week @ Rs 2 per hours. The estimated time to produce of one job is 20 minutes. Under the incentive scheme the time allowed is increased by 20%. You are required to calculate the total earning of X under the following plan:-

Time rate

Piece rate

Halsey premium bonus scheme

Rowan premium bonus scheme

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- (b) State the derivation of EOQ and prove that at EOQ level the total carrying cost is same as total ordering cost.

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11. (a) The following extracts of costing information related to commodity X for the year ending 31st Dec 2018

Purchase of raw material	Rs.6000	
Direct wages	Rs.5000	
Rent rates & insurance	Rs.2000	
Carriage inward	Rs.100	
Stock as on 1.1.2018		
Raw material	Rs1000	
Finished goods(200tons)	RS800	
Stock as on 31.12.2018		
Raw material	Rs.1100	
Finished products (400tons)	RS???	
Cost of factory supervision	Rs400	
Sales of finished goods	Rs15000	
Advertising and selling cost is 40paise/ton sold 3000tons of commodity were sold during the year 2018 prepare a cost sheet		10
(b) A company furnishes you with the following details of material “Q” to calculate the minimum and maximum level of stock		
Minimum usage per week	40 units	
Maximum usage per week	120 units	
Reorder quantity	480 units	
Delivery period	6-8 weeks	5
