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MS – 440

IV Semester B.B.M. Examination, May/June 2014
(2012-13 Only) (Repeaters)
BUSINESS MANAGEMENT
Paper – 4.3 : Cost Accounting

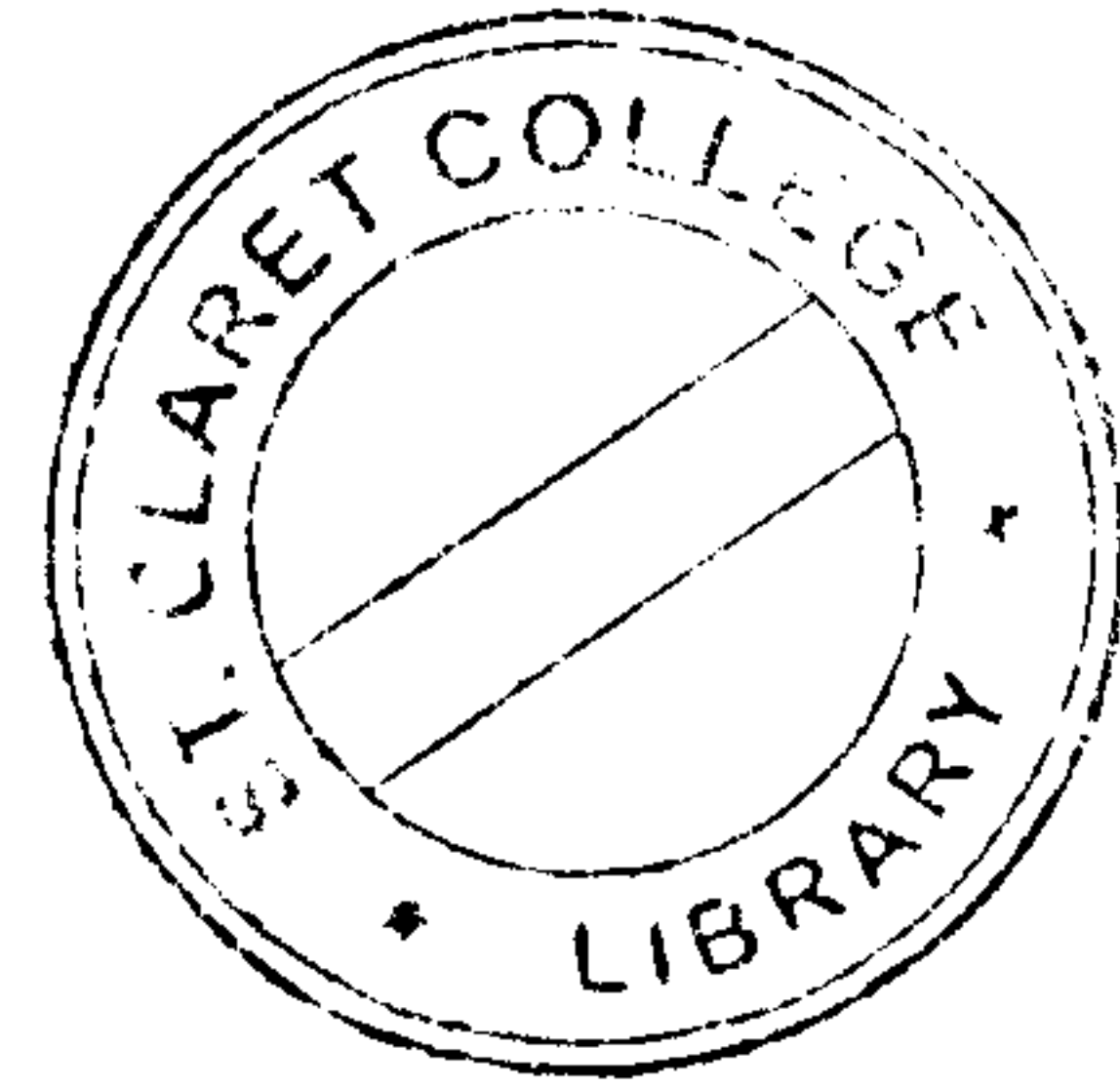
Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written **only in English.**
(B.B.M. 2012-13 Repeater Paper)

SECTION – A

1. Answer **any 8** sub-questions. **Each** sub-question carries **2** marks. **(8×2=16)**
- What is cost ?
 - What is fixed cost ? Give one example.
 - What do you mean by material control ?
 - Mention any two methods of pricing material issues.
 - What is overtime ?
 - Define overhead.
 - What do you mean by work certified ?
 - Define process costing.
 - State any two reasons for the difference between the profit shown by cost accounts and financial accounts.
 - From the following particulars, calculate EOQ :
Annual usage = 1600 units
Cost of Material Per Unit ₹ 40/-
Cost of placing and receiving an order = ₹ 50
Annual carrying cost of inventory = 10%



SECTION – B

- Answer **any three** questions. **Each** question carries **8** marks. **(3×8=24)**
- Differentiate between cost accounting and financial accounting.
 - A workman's wages for a guaranteed 38 hours week is ₹ 25/- per hour. Estimated time to produce one article is 20 minutes and under incentive scheme, the time allowed is increased by 20%. During a week, the workman produced 100 articles. Calculate his wages under : (a) Time Rate System (b) Halsey Plan (c) Rowan Plan.

P.T.O.



4. The following particulars have been extracted from XYZ Co. Ltd. Prepare a Stores Ledger Account under Simple Average Method.

2014 February 01 Opening Balance 200 units @ ₹ 3.50 per unit
 03 Received 300 units @ ₹ 4.00 per unit
 05 Issued 400 units
 13 Received 900 units @ ₹ 4.30 per unit
 15 Issued 600 units
 23 Received 600 units @ ₹ 3.80 per unit
 25 Issued 600 units

5. A transport company is running a fleet of 6 buses between 2 towns 50 kms apart. Seating capacity of each bus is 40 passengers. The following particulars are available for the month of January 2014.

	₹
Wages of Driver and conductor	3,600
Salaries of office and other staff	1,500
Diesel and other oils	10,320
Repairs and maintenance	1,200
Taxation, Insurance etc.	2,400
Depreciation	3,900
Interest on capital	3,000

Actual passenger carried were 80% of the seating capacity. The bus ran 30 days in a month. Each bus made one round trip per day. Find out the cost per passenger kilometer.

6. Prepare Reconciliation Statement from the following particulars and find out profit as per financial accounts.

Profit as per cost accounts	₹	92,250
Income shown in financial accounts only	₹	1,270
Over valuation of closing stock in cost accounts	₹	12,310
Over absorption of wages in cost accounts	₹	6,930
Under valuation of factory overheads in cost accounts	₹	4,450
Over absorption of administration expenses in cost accounts	₹	2,200
Under valuation of selling expenses in cost accounts	₹	19,400

SECTION – C

Answer **any 4** questions. **Each** question carries **15** marks.

(4×15=60)

7. The following data are obtained from the books of Rishi Kushi Co. Ltd. for the year ended 31st December 2013.

	₹
Direct materials	90,000
Direct wages	75,000
Factory overhead	45,000
Administrative overhead	42,000
Selling and distribution overhead	52,500
Profit	60,900

- a) Prepare a cost sheet.
- b) In 2014, the company received an order. It is estimated that, direct materials required will be ₹ 1,20,000 and direct wages ₹ 75,000. What should be the price for their job if factory intends to earn the same rate of profit on sales as in the previous year, assuming that selling and distribution overhead have gone up by 15%. The factory overheads are recovered as a % of direct wages, administration overhead and selling and distribution overhead as a % of work cost, based on cost rates prevailing in the previous year.
8. Product A is obtained after it passes through three distinct processes. The following information is obtained from the books of accounts for the week ending 28th February 2014.

Particulars	Total cost	I	II	III
Direct materials	₹ 5,625	2,600	2,000	1,025
Direct wages	₹ 7,330	2,250	3,680	1,400
Production overhead	₹ 7,330	2,250	3,680	1,400

500 units at ₹ 4 each were introduced into Process I. The actual output and normal loss of the respective processes are given below :

Processes	Output during week	% of Normal loss on input	Value of scrap Per unit
Process I	450	10%	02
Process II	340	20%	04
Process III	270	25%	05

Prepare Process accounts and abnormal loss or gain account.

9. M/s Rajiv Company undertook a contract for a total price of 5 lakh. Following is the abstract for the year ending 31-03-2014.

	₹
Material purchased	70,698
Material sent to site	1,00,000



Labour	1,40,000
Outstanding wages on 31-03-2014	8,750
Plant installed	30,000
Depreciation on plant	8,000
Direct expenses	6,334
Outstanding direct expenses on 31-03-2014	580
Outstanding charges payable on 31-3-14	9,250
Overhead charges	8,252
Materials returned	1,098
Work certified	3,90,000
Work uncertified	9,000
Material at site on 31-3-14	3,766
Cash received from contractee	3,60,000

Prepare contract account and show how work-in-progress appears in Balance Sheet in the books of M/s Rajiv Company.

10. On 1st February 2014 there are 1500 units of materials at 12 per unit in stock. The following transactions were made during the month. Prepare Stores Ledger Account under FIFO method.

February	02	Issued 200 units
	04	Purchased 1000 units @ ₹ 15 per unit
	08	Issued 1200 units
	12	Purchased 600 units @ ₹ 20 per unit
	13	Returned to vendors purchased on 4 th 100 units
	15	Issued 650 units
	20	Returned to stores from the materials issued on March 2, 100 units
	24	Purchased 300 units @ ₹ 25 per unit
	26	Replacement made by vendors, for materials returned on 13 th , 100 units
	27	Issued 250 units
	28	Issued 300 units.

11. The following distribution relate to a manufacturing company which has a production departments A, B and C and two service departments X and Y.

Particulars	Production Departments			Service Departments	
	A	B	C	X	Y
Overheads ₹	6,300	7,400	2,800	4,500	2,000
Service Dept. X	40%	30%	20%	–	10%
Service Dept. Y	30%	30%	20%	20%	–

Find out the total overhead of production departments charging service department costs to production departments by simultaneous equation method.