



45

IV Semester B.B.M. Examination, April/May 2015  
(2013-14 & Onwards)

(F+R)

**Business Management****Paper – 4.6 : COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 100

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

## SECTION – A

1. Answer **any eight** of the following sub-questions. **Each** subquestion carries **2 marks.** **(8×2=16)**

- a) What is prime cost ?
- b) State any two points of differences between Cost Accounting and Financial Accounting.
- c) Calculate EOQ from the following information. Annual usage 2400 units, buying cost per order Rs. 4 cost per unit Rs. 2.40 carrying cost 12%.
- d) What is scrap ? Give an example.
- e) What is idle time ?
- f) What is labour turnover ?
- g) Mention the basis of apportionment for the following expenses :
  - i) Rent
  - ii) Depreciation
  - iii) Electricity charges
  - iv) Canteen expenses.



- h) Give two examples of Fixed overheads.
- i) Mention any 4 pure Financial items of expenses.
- j) How is overvaluation of opening stock adjusted while Reconciling Cost and Financial Accounts ?

## SECTION – B

Answer **any three** of the following :

**(3×8=24)**

2. Distinguish between Cost and Financial Accounting.
3. Compute Machine Hour Rate of one machine from the following particulars.

Rent and Taxes (for 9 months) : ₹ 5,400

Supervision Charges (for 3 months) : ₹ 6,000

Insurance (for 6 months) : ₹ 300

Lighting (for one month) : ₹ 100

Repair Charges (per annum) : ₹ 2,000

Power Consumption : 5 units per hour

Power Charges : ₹ 50 for 250 units

Cost of Machine : ₹ 45,000

Scrap Value : ₹ 5,000

Life of Machine : 10 years

Machine works for 2,400 hours per annum. This machine occupies half of the total area of the factory. Supervisor spends  $\frac{1}{6}$ <sup>th</sup> of his time for this machine. Lighting charges must be apportioned on the basis of area occupied.



4. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hrs is ₹ 81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be earnings per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes ?

5. From the following particulars relating to material 'X' find :

- 1) Re-order level
- 2) Maximum level
- 3) Minimum level
- 4) Average stock level.

Normal usage – 50 units per week

Minimum usage – 25 units per week

Maximum usage – 75 units per week

Re-order Quantity – 400 units

Re-order period 4 – 6 weeks.

### SECTION – C

Answer Question No. 10 and **any three** of the remaining questions. **Each** question carries **15** marks. **(4×15=60)**

6. Prepare Stores Ledger under FIFO and LIFO method, from the following information :

2015 1<sup>st</sup> March 250 units @ ₹ 1.00 per unit

3<sup>rd</sup> March 50 units material issued M.R. No. 61

6<sup>th</sup> March 800 units material received wide goods received Note No. 13  
@ ₹ 1.20 p.u.



- 7<sup>th</sup> March Issued 300 units M.R. No. 63
- 8<sup>th</sup> March Returned to stores 20 units issued on M.R. No. 61
- 9<sup>th</sup> March Issued 100 units M.R. No. 102
- 15<sup>th</sup> March 200 units received on G.R. Note No. 96 @ ₹ 1.00 per unit
- 26<sup>th</sup> March Issued 150 units M.R. No. 130

7. A firm has three production departments A, B and C and two service departments X and Y. The following figures are extracted from the books of the firm.

Depreciation ₹ 4,000, Indirect wages ₹ 600, Lighting ₹ 240, Power ₹ 600, Rent ₹ 2,000 and other expenses ₹ 4,000.

Other particulars :

	A	B	C	X	Y
Floor space (Sq. ft)	400	500	600	400	100
Direct wages (₹)	900	600	900	900	700
Light points (No.)	20	30	40	20	10
HP of machines	75	30	25	10	–
Value of Machinery (₹)	12,000	16,000	20,000	1,000	1,000
Working hours	3,113	2,014	2,033	–	–



9. From the following figures prepare a Reconciliation Statement and determine Financial Profit.

	₹
Net profit as per costing books	66,760
Factory overhead under recovered in costing	5,700
Administration overhead recovered in excess in costing	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing books	3,950
Interest received recorded in financial books	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment (Credited in financial books)	420
Depreciation of stock charged in financial books	860
Dividend appropriated in financial books	1,200
Loss due to theft provided in financial books	260
Loss due to obsolescence charged in financial books	280

10. From the following prepare a Cost and Profit Statement of Sunlight Lamp Co. for the year 2015.

	₹
Stock of material on 1-4-14	35,000
Stock of material on 31-3-2015	4,900
Purchase of material	52,500





Direct wages	95,000
Factory expenses	17,500
Establishment expenses	10,000
Completed stock in hand on 31-3-15	35,000
Sales	1,89,000

The number of solar lamps manufactured during the year 2014-15 was 4,000.

The company wants to quote for a contract for the supply of 1,000 solar lamps during the year 2015-16. The lamps to be quoted are of uniform quality and make and similar to those manufactured in the year 2014-15. The cost of material has increased by 15% and wages by 10%.

Prepare a statement showing the price to be quoted to give the same percentage of net profit on turnover as realised during the year 2014-15 assuming cost per unit overheads will be the same as in previous year.

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