

IV Semester B.B.M. Examination, April/May 2015
(Repeaters) (Prior to 2013-14)
BUSINESS MANAGEMENT
Paper – 4.3 : Cost Accounting
(100 Marks – 2012-13 Only/90 Marks – Prior to 2012-13)

Time : 3 Hours

Max. Marks : 100/90

- Instructions :**
- Answers should be written completely in **English**.
 - Sections **A, B and C** to be answered by **all repeaters (90 marks)**.
 - Section **D** to be answered by students of **2012-13 only (100 marks)**.

SECTION – A

Answer **any ten** sub-questions. **Each** question carries **2** marks. **(10×2=20)**

- What is cost sheet ?
 - Write any two differences between cost accounting and financial accounting.
 - What is ABC analysis ?
 - What is Reconciliation statement ?
 - State two features of process costing.
 - What is notional profit ?
 - Write any 4 examples of administrative overheads.
 - What is piece rate system ?
 - State the basis of apportionment of the following :
 - Labour welfare expenses
 - Motive power
 - Insurance of Plant
 - Indirect wages.



- j) What is a cost centre ?
- k) What is machine hour rate ?
- l) Calculate wages under Halsey Plan (50%)
 Wage rate per hour – Rs. 40
 Standard time – 110 hrs.
 Time taken – 80 hrs.

SECTION – B

Answer **any five** questions. **Each** question carries **5** marks.

(5×5=25)

2. Mention any 5 reasons for the difference of profits between cost and financial accounts.
3. List the causes of labour turnover.
4. How is profit computed on incomplete contracts ?
5. Calculate minimum stock level, maximum stock level and re-order level from the following.
 Minimum consumption – 100 units per day
 Maximum consumption – 150 units per day
 Normal consumption – 120 units per day
 Re-order period – 10 to 15 days
 Re-order quantity – 12 days
6. Prepare Reconciliation statement from the given particulars and find out profit as per Financial Accounts.

Profit as per costing records	Rs. 32,400
Opening stock of finished goods overcharged in costing	Rs. 12,000
Closing stock of finished goods undercharged in financial records	Rs. 8,000
Income tax provided in financial accounts	Rs. 3,000
Bank interest credited in financial books	Rs. 1,200
Over absorption of administration overheads in costing records	Rs. 2,000



7. The following expenditure was incurred on a contract of Rs. 12,00,000 for the year ending 31-12-2014.

	Rs.
Materials	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

Cash received on account of the contract was Rs. 4,80,000 being 80 % of the work certified. The value of materials in hand was Rs. 20,000. The plant had undergone 20% depreciation. Prepare contract account.

8. The following is the record of receipts and issues of a certain material in the factory during a week.

April 1st Opening Balance 50 tonnes @ Rs. 10/tonne.

” Issued 30 tonnes

” 2nd Received 60 tonnes @ Rs. 10.20/tonne.

” 3rd Issued 25 tonnes (Stock verification reveals loss of 1 tonne)

” 4th Received back from orders 10 tonnes (previously issued at Rs. 9.15/tonne)

” 5th Issued 40 tonnes

” 6th Received 22 tonnes at Rs. 10.30/tonne

” 7th Issued 38 tonnes

Prepare stores ledger account using FIFO method.



SECTION – C

Answer **any three** sub-questions. **Each** question carries **15** marks. **(3×15=45)**

9. A product passes through three processes A, B and C. The normal wastage of each process is as follows :

Process A – 3%, B – 5%, C – 8%.

Wastage of process A was sold at Rs. 2.50 per unit, that of B @ Rs. 5 per unit and that of C at Rs. 10 per unit. 10000 units were introduced to process A at Rs. 10 per unit. The other expenses were as follows :

	P – A	P – B	P – C
Sundry materials (Rs.)	10,000	15,000	5,000
Labour (Rs.)	50,000	80,000	65,000
Direct expenses (Rs.)	10,500	11,888	20,000
Actual output (units)	9,500	9,100	8,100

Prepare process accounts.

10. The Modern company is having 4 departments. A, B and C are production departments and D is servicing department. The actual cost of the period were as follows :

	Rs.
Rent	2,000
Repairs	1,200
Depreciation	900
Light	200
Supervision	3,000
Insurance	1,000
Employees	
Insurance	300
Power	1,800

The following data are also available in respect of four departments.



Particulars	Production Departments			Service Department
	A	B	C	D
Area is sq. ft.	150	110	90	50
No. of workers	24	16	12	8
Direct wages (Rs.)	8,000	6,000	4,000	2,000
Value of plant (Rs.)	24,000	18,000	12,000	6,000
Value of stock (Rs.)	15,000	9,000	6,000	—

Apportion the costs to various departments in most equitable way and apportion service department cost to production department in the ratio of 2 : 2 : 1.

11. Hero cycles ltd. manufactured and sold 2000 bicycles in 2014. Following are the particulars obtained from the records of the company.

	Rs.
Cost of raw materials	1,60,000
Wages	2,40,000
Manufacturing expenses	1,00,000
General expenses	40,000
Salaries	1,20,000
Rent, rates and insurance	20,000
Selling expenses	60,000
Sales	8,00,000

The company plans to manufacture 1500 bicycles during 2015. You are required to submit a statement showing the price at which each bicycle should be sold so as to show a profit of 25% on sales. The following additional information is provided to you.

- The price of materials will rise by 25% on previous years level.
- Wages rate will rise by 5%.
- Manufacturing expenses will rise in proportion to the prime cost.
- Selling expenses will decrease by 5%.
- Other expenses will be unaffected by the rise in output.



12. Mr. Dinesh owns a fleet of taxis and the following information is available from his records.

Number of taxis	10
Cost of each taxi	Rs. 20,000
Salary of Manager	Rs. 600 p.m.
Salary of Accountant	Rs. 500 p.m.
Salary of cleaner	Rs. 200 p.m.
Salary of mechanic	Rs. 400 p.m.
Garage rent	Rs. 600 p.m.
Insurance premium	5% p.a.
Annual tax	Rs. 600 per taxi
Driver's salary	Rs. 200 p.m. per taxi
Annual repairs	Rs. 1,000 per taxi

Total life of a taxi is 2,00,000 kms. A taxi runs in all 3000 km in a month of which 30% it runs empty. Petrol consumption is one litre for 10 km at Rs. 11.80 per litre. Oil and other sundries are Rs. 5.00 per 100 km.

Calculate the cost of running a taxi per km.

13. Prepare a stores ledger account from the following details using LIFO method of pricing the issue of materials.

May 1 st	Opening Balance 10850 kg at Rs. 130/kg
" 2 nd	Purchased 20000 kg @ Rs. 134/kg
" 3 rd	Issued 6750 kg to production
" 5 th	Issued 8500 kg to production
" 6 th	Received back 550 kg from production being surplus.
" 7 th	Purchased 17550 kg at Rs. 128/kg
April 8 th	Issued 11250 kg to production
" 9 th	Physical verification revealed a loss of 250 kg
" 10 th	Issued 8950 kg to production
" 12 th	Issued 6300 kg to production
" 15 th	Purchased 10000 kg @ Rs. 132/kg
" 16 th	Issued 7750 kg to production



SECTION – D

(To be answered by students of 2012-13 only)

14. Name the method of costing adopted in these industries.

(1×10=10)

- a) Printing press.
 - b) Chemical industries.
 - c) Toy manufacturing.
 - d) Dam construction.
 - e) Electricity company.
 - f) Paper Industries.
 - g) Automobiles.
 - h) Sugar industries.
 - i) Transport company.
 - j) Bakery products.
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