



MS – 502

40

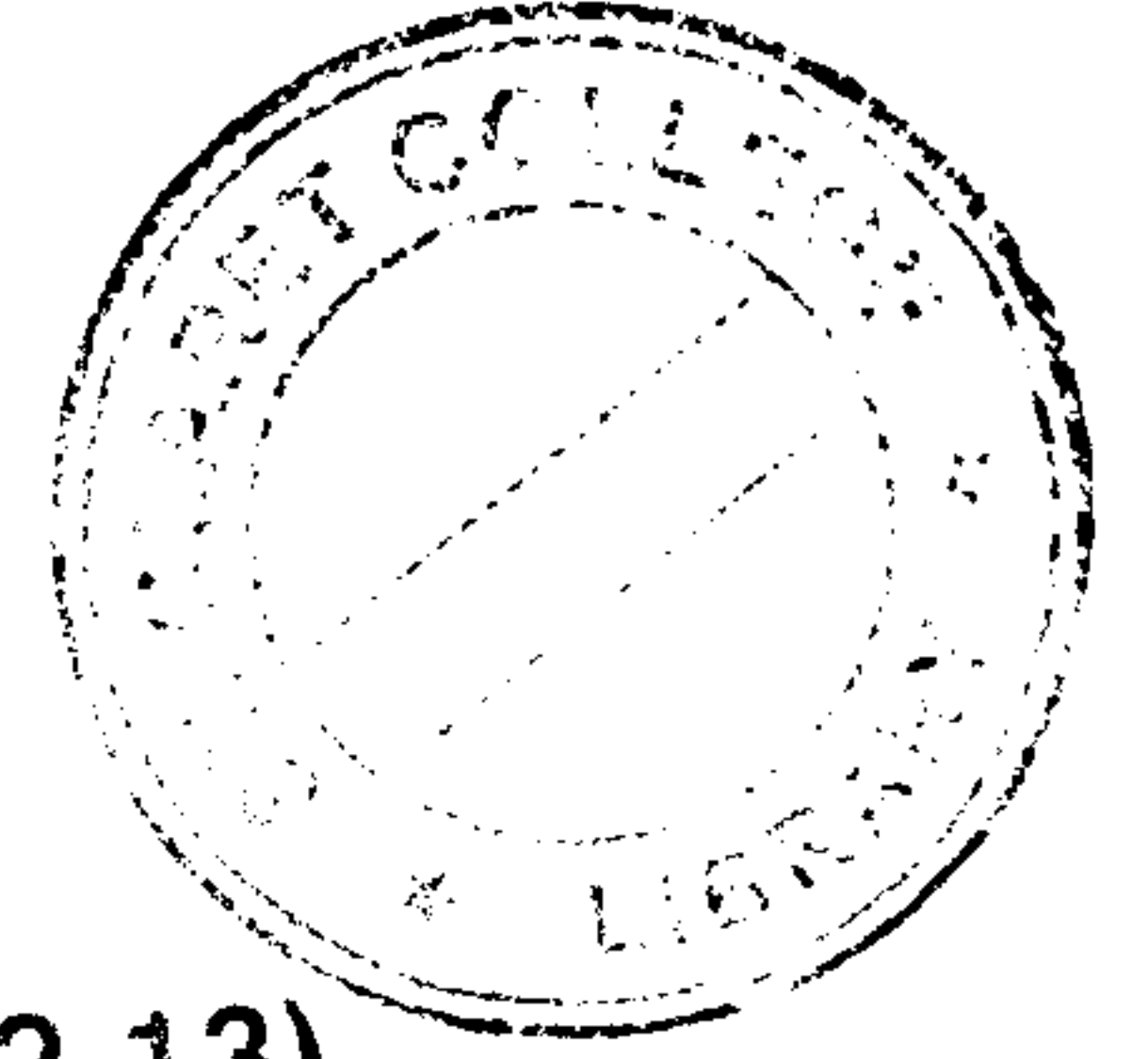
IV Semester B.B.M. Examination, May 2016

(Repeaters) (Prior to 2013-14)

COST ACCOUNTING

Paper – 4.3 : Business Management

(100 Marks – 2012-13 only/90 Marks – Prior to 2012-13)



Time : 3 Hours

Max. Marks : 100/90

- Instructions :**
- 1) Answers must be written in **English** only.
 - 2) Section **A, B** and **C** to be answered by **all repeaters**. (90 marks).
 - 3) Section **D** to be answered by students of **2012-13** only.

SECTION – A

1. Answer **any ten** of the following sub-questions. **Each** question carries 2 marks. (10×2=20)
- a) Define cost.
 - b) What is direct material cost ? Give an example.
 - c) What is meant by 'EOQ' ?
 - d) What is idle time ?
 - e) What is labour turnover ?
 - f) What is work certified ?
 - g) What is time rate system of wage payment ?
 - h) Name any four pure financial items of expenses.
 - i) Give two examples of variable overheads.

P.T.O.



- j) What do you mean by normal loss ?
- k) What do you mean by operating costing ?
- l) .What is cost centre ?

SECTION – B

Answer **any five** from the following :

2. State the advantages of cost accounting.
3. Explain the characteristics of process costing.
4. 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	– 100 units per week
Minimum usage	– 50 units per week
Maximum usage	– 150 units per week
Re-order quantity	– 800 units
Re-order period	– 8-12 weeks

5. A workman's wage for a guaranteed 48 hours week is Rs. 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) Piece Rate System
 - b) Halsey Plan
 - c) Rowan Plan

3. What is p
7. Comput
Cost of
Scrap
Effect
life R
work

(5×5=25

8. Fror
i)
ii

. No
D

6. What is perpetual inventory system? State its advantages.

7. Compute machine hour rate from the following.

Cost of machine Rs. 25,000

Scrap value Rs. 5,000

Effective working life of the machine 10,000 hours, repairs for effective working life Rs. 5,000. Power consumption 5 units per hour at Rs. 3 per unit. Total hours worked 1000 hours during the year 2015.

(5×5=25)

8. From the following information calculate:

i) Total kilometre

ii) Total Passenger kilometres

No. of buses	4
Days operated in a month	30
Trips made by each bus	2
Distance of route	100 km (one side)
Capacity of each bus	40 passengers
Average passengers travelling	75% of capacity.

SECTION - C

Answer **any three** from the following questions. Each question carries 15 marks

(3×15=45)

9. In respect of a factory the following particulars have been extracted for the year 2014.

	Rs.
Cost of materials	6,00,000
Wages	5,00,000
Factory overheads	3,00,000



Administration charges	3,36,000
Selling charges	2,24,000
Distribution charges	1,40,000
Profit	4,20,000

The ex

X

Y

You a

depar

(Use

A work order have to be executed in 2015 and the estimated expenses are : materials Rs. 8,000, wages Rs. 5,000. Assuming that in 2015, the rate of factory overheads has gone up by 20%, distribution charges have gone down by 10% and selling and administration charges have gone each up by 15% , at what price should the product be sold ? So as to earn the same rate of profit on the selling price as in 2014. Factory overheads are based on wages and administration, selling and distribution, overheads on factory cost.

11. Follo

Date

1-1-2

10. The company is having 3 production departments A, B and C and two service departments X and Y. The following is the budget for Feb. 2015 :

1-2-2

Depreciation	Rs. 4,000	Indirect wages	Rs. 600
Lighting	Rs. 240	Power	Rs. 600
Rent	Rs. 2,000	Others	Rs. 4,000

28-2

1-3-

31-

Other particulars :

Pr

m

Departments

	A	B	C	X	Y
Floor space (Sq. feet)	400	500	600	400	100
Direct wages (Rs.)	900	600	900	900	700
Light points	20	30	40	20	10
H. P. of machines	75	30	25	10	—
Value of machinery (Rs.)	12,000	16,000	20,000	1,000	1,000
Working hours	3113	2014	2033	—	—

12. T

fc

o

e

The expenses of service departments X and Y are to be allocated as follows :

	A	B	C	X	Y
X	20%	30%	40%	–	10%
Y	40%	20%	20%	20%	–

You are required to distribute the service dept. expenses to the production department A, B and C and also calculate hourly rate of each production department. (Use repeated distribution method).

11. Following are the receipts and issues of materials :

Date	Receipts	Cost	Issues
1-1-2015	1000 units	1,000	–
1-2-2015	1000 units	800	–
28-2-2015	–	–	1200 units
1-3-2015	1000 units	1200	–
31-3-2015	–	–	1200 units

Prepare stores ledger accounts under FIFO, LIFO and simple average price method.

12. The net profit of a company appeared at Rs. 64,377 as per the financial records for the year ended 31st March 2015. The cost books however showed a net profit of Rs. 86,200 for the same period. A scrutiny of the figures from both the sets of accounts revealed the following facts :

	₹
Work overhead under recovered in costs	1,560
Administration overheads excess recovered in costs	850
Depreciation charged in financial a/cs	5,600



Depreciation recovered in cost books	6,250	Ex
Interest on investments not included in costs	4,000	R
Loss due to obsolescence in financial books	2,850	C
Income tax provided in financial accounts	20,150	T
Bank interest and transfer fee in financial books	375	I
Stores adjustment credited in financial books	237	
Loss due to depreciation in stock charged in financial accounts	3,375	
Prepare a statement showing the reconciliation of profit between cost accounts and financial accounts.		(To 14.

13. A transport company operates two trucks. The following is the data regarding the monthly cost of operating them :

	Truck A	Truck B
	Rs.	Rs.
Driver's salary	250	275
Cleaner's wages	150	160
Petrol	300	350
Mobil oil	25	30
Garage rent	125	125
Taxes and insurance	50	50
Depreciation	560	620

Expenses of supervision	100	100
Repairs	120	140
Overheads	40	40

The truck carries 150 tonnes of goods each during the month of November 2015. The distances covered were : A-3,500 kms and B-5,000 kms. respectively. Prepare an operating cost sheet for November from the above data.

SECTION - D

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

(1×10=10)

14. Briefly explain the differences between 'Cost Accounting and Financial Accounting'.
