



US – 560

IV Semester B.B.M. Examination, May 2017
(2013 – 14 & Onwards) (Repeaters)
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** sub-question carries 2 marks. **(8×2=16)**
- a) Define Cost Accounting.
 - b) What are overheads under Cost Accounting ?
 - c) What is a Bin Card ?
 - d) State any four Items which are included in Financial Accounts. But not in Cost Accounts.
 - e) Write any 2 objectives of material control.
 - f) What is Memorandum Reconciliation Account ?
 - g) Give the meaning of Cost Sheet.
 - h) What is VED Analysis ?
 - i) What is Idle time ?
 - j) What is meant by Machine Hour Rate ?

P.T.O.



SECTION – B

Answer **any three** of the following :

(3×8=24)

2. State the differences between Financial Accounting and Cost Accounting.
3. Two components “S” and “N” are used in a manufacturing unit of a factory

Minimum usage – 50 units per week

Maximum usage – 150 units per week

Normal usage – 100 units per week

Reorder quantity – S = 600 units

N = 1000 units

Reorder period – S = 4 to 6 weeks

N = 2 to 4 weeks

Calculate :

- a) Reorder level
 - b) Maximum level
 - c) Minimum level.
4. From the following particulars prepare a Stores Ledger Account showing pricing of materials issued by adopting FIFO method for the month of Jan. 2017.
- Jan. – 1 Opening stock 500 units @ Rs. 2.00 per unit.
Jan. – 3 Purchased 400 units @ Rs. 2.10 per unit.
Jan. – 5 Issued 600 units to Job “K”.
Jan. – 7 Purchased 800 units @ Rs. 2.40 per unit.
Jan. – 8 500 units issued to Job “S”.
Jan. – 9 Purchased 400 units @ Rs. 2.50 per unit.
Jan. – 10 600 units to Job “P”



5. From the following calculate Machine Hour Rate.
- a) Cost of the machine Rs. 90,000
 - b) Working life – 10 years
 - c) Working hours – 2000 per year
 - d) Repair charges 50% of Depreciation.
 - e) Power 10 units per hour @ 0.10 paise per unit.
 - f) Lubricating oil @ Rs. 2 per day of 8 hours.
 - g) Consumable stores @ Rs. 10 per day of 8 hours.
 - h) Wages of operator Rs. 4 per day.

SECTION – C

Answer Question No. 10 and **any three** of the **remaining** questions. **Each** question carries **15** marks. **(4x15=60)**

6. From the following particulars, prepare a Cost Sheet.

Stock	Raw materials– Rs. 30,500
(1-1-2016)	Finished goods– Rs. 20,400
Stock	
(31-12-2016)	Raw materials – Rs. 48,500
	Finished goods – Rs. 10,000
	Purchase of raw materials – Rs.25,000



Work in progress

1-1-2016 – Rs. 8,000

31-12-2016– Rs. 9,000

Sales Rs. 95,000

Direct wages Rs. 20,400

Factory expenses Rs. 10,500

Office expenses Rs. 5,400

Selling expenses Rs. 3,800

Distribution expenses Rs. 2,500

7. Prepare Stores Ledger Account from the following details using LIFO method of pricing the issues of materials.

January	1	Opening Balance 10,850 units @ Rs. 130 P.U.
– "	2	Purchases 20,000 units @ Rs. 134 P.U.
– "	3	Issued 6,750 units to Job No. : 1
– "	4	Issued 8,500 units to Job No. : 2
– "	5	Returns from Job No. : 2-550 units
– "	7	Purchases 17,750 units @ Rs. 128 P.U.
– "	8	Issued 11,250 units to Job No. : 2
– "	9	Physical verification revealed a loss of 250 units
– "	10	Issued 8,950 units to Job No. : 3
– "	11	Issued 6,300 units to Job No. : 4
– "	12	Purchases 10,000 units @ Rs. 132 P.U.
– "	15	Issued 7,750 units to Job No. : 5



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

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

Particulars	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	–	–

The expenses of Service Departments X & Y are to be allocated as follows :

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

You are requested to distribute the Service Department expenses to the production department A, B & C and calculate the Hourly rate of each production department.

Use repeated distribution method.



9. From the following particulars, you are required to calculate the earnings of a worker for a week under

- a) Straight piece rate system.
- b) Taylor's differential piece rate system.
- c) Halsey premium plan.
- d) Rowan premium plan.

Weekly working hours – 48

Hourly wage rate – Rs. 15

Piece rate per unit – Rs. 6

Normal time allowed per piece – 12 minutes

Normal output per week – 240 pieces

Actual output for the week – 300 pieces

Differential piece rate : 80% of piece rate when output in below normal and 120% of piece rate when output above normal

10. X Company Ltd. maintains both Cost Accounting and Financial Accounting. The cost system has revealed profit for the year ending 31st March 2011, a sum of Rs. 1,15,200. However, the Financial accounting results different from this figure. Verification revealed the following information.

- a) Over absorption of factory overhead in Cost Accounting Rs. 2,200.
- b) Provision for doubtful debts Rs. 1,600.
- c) Preliminary expenses written off Rs. 24,400.
- d) Transfer fee received Rs. 3,400.



- e) Underwriting commission paid Rs. 10,000.
- f) Discount on Issue of shares Rs. 12,400.
- g) Dividend received Rs. 14,600.
- h) Under recovery of depreciation in Cost Accounting Rs. 1,600.
- i) Under valuation of closing stock in Financial Accounting Rs. 2,400.
- j) Notional interest recorded in cost accounting Rs. 2,600.
- k) Selling and distribution overhead over recorded in cost accounting.
- l) Rent received not accounted in cost accounts Rs. 8,000.
- m) Bank interest credited in financial accounts Rs. 2,500.

Prepare a reconciliation statement as on 31st March 2011 to show profit as per financial accounts.
