



SM – 550

IV Semester B.B.M. Examination, May/June 2018
(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 Unit.
 - b) What is Idle time ?
 - c) What is Memorandum Reconciliation Account ?
 - d) Define overhead.
 - e) What is meant by Direct Materials ?
 - f) What is meant by Machine Hour Rate ?
 - g) How do you calculate maximum level of stock ?
 - h) Give the meaning of piece rate system.
 - i) Write any 2 items included in Financial Accounts but not in Cost Accounts.
 - j) What is meant by 'Bin card' ?

SECTION – B

Answer **any three** of the following. **Each** question carries 8 marks. (3×8=24)

2. Write the differences between Cost Accounting and Financial Accounting.
3. Niksan company manufactured and sold 1000 units of product "P" in the year 2017
- Raw materials Rs. 1,00,000
 - Direct wages Rs. 80,000
 - Factory overhead 50% of wages
 - Office overhead 10% of factory cost
 - Selling and distribution expenses Rs. 10/- per unit sold
 - All units were sold for Rs. 4,00,000/-
- Prepare cost statement.

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4. The standard time for a job is 20 hours at Rs. 10/- per hour. Mr. A finished the job in 15 hours and Mr. B finished in 12 hours. Calculate the remuneration payable under Halsey plan and Rowan's plan.
5. From the following particulars relating to material "S" find out
- a) Reorder level
 - b) Minimum level
 - c) Maximum level
 - d) Average level
- Reorder Quantity 2400 units
Reorder period 4 to 6 weeks
Maximum consumption 450 units per week
Minimum consumption 150 units per week.

SECTION – C

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

6. From the following particulars prepare a statement showing
- a) Raw materials consumed
 - b) Prime cost
 - c) Works cost
 - d) Cost of production
 - e) Profit.

Raw materials

Opening Rs. 20,000/-

Closing Rs. 14,000/-

Work in progress

Opening Rs. 26,500/-

Closing Rs. 14,000/-

Purchase of raw material Rs. 90,000/-

Carriage inwards Rs. 2,000/-

Direct wages Rs. 40,000/-

Chargeable expenses Rs. 15,000/-

Work overheads Rs. 22,500/-

Administrative overheads Rs. 10,000/-

Selling and distribution overheads Rs. 14,000/-

Sales Rs. 2,20,000/-



7. XYZ company Ltd. maintains both Cost Accounting and Financial Accounting. The cost system has revealed profit for the year ending 31st March 2017 a sum of Rs. 1,15,200/-. However, the Financial Accounting results differs 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/-

Prepare a reconciliation statement as on 31st March 2017 showing profit as per Financial Accounts.

8. Standard output of a product has been fixed at 6 units per day of 8 hours. Normal wages per day Rs. 12/-. Determine the total wage including the bonus payable. Under Halsey plan and Rowan's plan when the outputs were 5 units, 8 units, 12 units and 15 units made by the worker A, B, C and D respectively.

9. The following are the overheads allocation of three production departments and two service departments. X, Y, Z and F₁, F₂ respectively.

X – Rs. 30,000, Y – Rs. 28,000

Z – Rs. 40,000, F₁ – Rs. 10,000

F₂ – Rs. 6,000.

Distribute the overheads of service departments to production departments as below :

Particulars	X	Y	Z	F ₁	F ₂
F ₁	20%	30%	40%	—	10%
F ₂	40%	20%	30%	10%	—

Distribute the overheads under repeated distribution method.



10. Following is the Receipts and Issues of Raw materials of SN Ltd., during April – 2008. Prepare stores ledger under FIFO method.

April 1 Opening balance 500 units at Rs. 20/- per unit
3 Issued 70 units
4 Purchased 200 units at Rs. 24.00 per unit
5 Issued 100 units
6 Return of surplus 15 units at Rs. 24.00
7 Issued 80 units
8 Purchased 240 units at Rs. 25.00 per unit
9 Issued 180 units
10 Purchased 320 units at Rs. 30/- per unit
11 Issued 300 units
12 Purchased 100 units at Rs. 20/- per unit
13 Issued 100 units

The stock verification reveals that on 13th April and 25th April there were shortage of 5 units and 8 units respectively.
