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**BBMBMC 312**

**Credit Based Fifth Semester B.B.M. Degree Examination, Nov./Dec. 2015  
(2012 Scheme)  
COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

**Instruction:** Support your answer with working notes **wherever necessary.**

**SECTION – A**

**(Two marks each)**

Answer **any ten** questions in **two** or **three** sentences **each** :

**(2×10=20)**

1. a) Define Cost Accounting.
- b) What is a Cost Centre ?
- c) What is a Cost Sheet ?
- d) What is a Bin Card ?
- e) What is labour turnover ?
- f) What is purchase requisition ?
- g) What is ABC analysis ?
- h) What is time keeping?
- i) What is overtime ?
- j) What do you mean by absorption of overheads ?
- k) Define overhead.
- l) Give the meaning of secondary distribution of overheads.

P.T.O.



SECTION – B  
(Eight marks each)

Answer any five questions :

(8×5=40)

2. From the following information prepare Bin Card number 191 for the material 'pigment' for which 'PM-01' is the Code.

2014

		Kg
Jan. 1	Opening balance	2500
2	Issued MR No. 911	1300
9	Received from supplier GR No. 92	3000
14	Issued MR No. 926	2000
21	Received from supplier GR No. 98	6000
24	Returned to supplier MR No. 2	100
26	Shortage as per stock verification	10
29	Issued MR No. 999	1500

3. Distinguish between Bin Card and Stores Ledger.

4. From the following data calculate :

- Minimum Stock Level.
- Maximum Stock Level.
- Reorder Stock Level and
- Average Stock Level.

Minimum Consumption : 100 units per day

Maximum Consumption : 150 units per day

Normal Consumption : 120 units per day

Reorder period : 10 to 15 days

Reorder quantity : 1500 units

Normal reorder period : 12 days.



5. Distinguish between Financial Accounting and Cost Accounting.

6. Prepare estimated cost sheet from the following data :

Estimated materials ₹ 60,000

Estimated labour cost ₹ 67,500

It is estimated that the factory overhead will be 100% of direct wage. Administrative overhead will be 50% of works cost, selling and distribution overhead will be 10% on cost of production. The expected profit will be 25% on the sales.

7. From the following particulars calculate wages earned by workers X and Y respectively under the Taylor's differential system.

Standard Time Allowed : 10 units per hour

Normal wage : ₹ 10 per hour

Differentials to be applied : 80% of piece rate when below standard efficiency ; 120% of piece rate when at or above standard.

The production on a day of 8 hours : X – 75 units, Y – 85 units.

8. Calculate the machine hour rate for the month of December 2014, from the following information

	₹
Rent of the department ( $\frac{1}{10}$ area occupied)	15,000 p.a.
Operator's Salary ( $\frac{1}{8}$ for this machine)	24,000 p.a.
Insurance to this machine	720 p.a.
Lighting (out of 12 points 2 points for this machine)	1,200 p.a.
Sundry expenses to this machine	1,200 p.a.
Cost of the machine (life 10 years)	25,000
Scrap value	1,000
Repair and maintenance	2,400 p.a.

It is assumed that the machine will work for 1800 hours per annum and 5 units of power would be used per hour @ ₹ 3.50 per unit.



## SECTION - C

(20×3=6)

(Twenty marks each)

Answer any three of the following :

9. Enter the following transactions in the Stores Ledger of Y material using LIFO method for the month of January 2015.
- Jan. 1 Balance 400 units @ ₹ 2 per unit
- 2 Received 200 units @ ₹ 2.20 per unit as per GR No. 101
- 3 Issued 250 units as per MR No. 21
- 5 Returned to stores 40 units issued on 3<sup>rd</sup> January
- 7 Received 160 units @ ₹ 2.40 per unit as per GR No. 102
- 8 Issued 250 units as per MR No. 22
- 9 Returned to vendors 30 units from the receipts of 7<sup>th</sup> January.
- 10 Transferred 20 units from Dept. A to Dept. B
- 15 Received 200 units @ ₹ 2.50 per unit as per GR No. 103
- 18 Stock verification revealed a surplus of 15 units
- 20 Issued 125 units as per MR No. 23
- 25 Received 300 units @ ₹ 2.60 per unit as per GR No. 104
- 28 Freight charges paid on the above purchase ₹ 45
- 31 Stock verification revealed a surplus of 15 units.
10. a) Calculate the normal and overtime wages payable to a worker from the following information :

Days	Hours Worked
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Friday	9
Saturday	7
<b>Total</b>	<b>54</b>

Normal working hours 8 per day on week days and 4 hours on Saturday.  
Overtime rate : Work beyond 8 hours on week days at double the normal rate. Work in excess of 4 hours on Saturday at 1.5 times the normal rate.

Normal wage rate of the worker is ₹ 40 per hour.



<3=60)

b) A factory has adopted a bonus system under which bonus hours are credited to the employees in the same proportion of the time taken as the time saved bears to time allowed. From the following particulars calculate :

- a) The bonus hours and amount of bonus earned by each employee.
- b) The total wages payable to each employee and
- c) The wage cost per good unit produced.

Particulars of Employee	P	Q	R
Basic wage per hour (₹)	24	30	36
Units issued for prodn.	2500	2200	3600
Time allowed for 100 units	2 Hrs. 36 min.	3 hrs.	1 hr. 30 minutes
Time taken	52 hrs.	75 hrs.	48 hrs.
Rejects	100 units	40 units	50 units

11. The following estimated figures for a certain period have been made available.

	₹
Rent and Rates	20,000
Power charges	6,000
Lighting and electricity	2,400
Depreciation of machines	40,000
Indirect wages	6,000
Other expenses	40,000

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The following details are available for preparing primary distribution summary :

	Production Depts.			Service Depts.	
	X	Y	Z	A	B
Floor space (sq. feet)	2000	2500	3000	2000	500
Light points (Nos.)	20	30	40	20	10
Direct wages (₹)	6,000	4,000	6,000	3,000	1,000
Horse power of machines (₹)	120	60	100	20	—
Cost of machines (₹)	24,000	32,000	4,000	2,000	2,000
Working hours	4,670	3,020	3,050	—	—

The expenses of service departments A and B are to be allocated on the basis of repeated distribution method as follows :

	X	Y	Z	A	B
A	20%	30%	40%	—	10%
B	40%	20%	30%	10%	—

You are required to prepare :

- 1) Primary distribution summary.
  - 2) Secondary distribution summary.
  - 3) The overhead absorption rate per hour of the production departments.
12. The following are the details relating to the year 2014.

	₹
Plant repairs	1,00,000
Power	45,000
Salaries to clerks	1,20,000
Lighting	20,000
Heating	16,000
Sale of Scrap	12,000