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BBMBMC 312

**Credit Based V Semester B.B.M. Degree
Examination, October/November 2017
(2012 Scheme)
COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 120

Instruction : Give working notes *wherever* necessary.

SECTION – A (2 Marks each)

1. Answer **any ten** questions from the following : **(2×10=20)**
- a) What is perpetual inventory system ?
 - b) What do you mean by ABC analysis ?
 - c) Give any two examples for pure financial items.
 - d) If total cost is ₹ 3,600 and rate of profit is 20% on selling price, calculate the amount of profit.
 - e) What is time booking ?
 - f) What do you mean by indirect cost ?
 - g) What do you mean by cost unit ?
 - h) What is the meaning of classification and codification ?
 - i) What is meant by machine hour rate ?
 - j) What is Bin Card ?
 - k) What is the meaning of Idle Time ?
 - l) Define scrap.



SECTION – B (8 marks each)

Answer **any five** of the following :

(8×5=40)

2. What are the advantages of cost accounting to the management ?
3. Explain classification of cost on the basis of behaviour.
4. Parag Engineering Company has received a consignment of materials of various grades for ₹ 20,000. These were sorted out into following grades :

Grade A 6000 units – selling price ₹ 2 per unit

B 4000 units – selling price ₹ 1.50 per unit

C 7000 units – selling price ₹ 1 per unit

Calculate purchase price of each of the material assuming that percentage of profit is the same in each case.

5. A material is used as follows :

Maximum usage 1500 units per week

Minimum usage 500 units per week

Ordering quantity 6000 units

Reorder period 4 – 6 weeks.

Calculate :

- i) Maximum level
- ii) Minimum level
- iii) Reorder level
- iv) Average level.



6. From the following information, prepare bin card number 717 for the material SVM – 01.

	Kg.
2016 January 1 – Opening balance	2,500
2 – Issued MRN 11	1,300
4 – Purchased GRN 92	3,000
10 – Issued MRN 12	2,000
15 – Surplus found on verification	20
20 – Purchased GRN 93	2,000
24 – Return to supplier	10
29 – Issued MRN 13	1,000

7. Calculate machine hour rate for the month of October 2016 from the following information :

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

Machine will work for 1800 hours per annum. 5 units of power would be used per hour at ₹ 2 per unit.



8. In Sam Engineering Co. there are three production departments X, Y and Z and two service departments M and N. As per primary distribution summary, the overheads of these departments are

X – ₹ 80,000 Y – ₹ 1,00,000
 Z – ₹ 40,000 M – ₹ 45,000
 N – ₹ 20,000

The expenses of these service departments are to be apportioned as follows :

	X	Y	Z	M	N
M	30	40	20	–	10
N	30	30	20	20	–

Prepare a statement showing the distribution of the service departments expenses to production departments under simultaneous equation method.

SECTION – C (20 Marks each)

(20×3=60)

Answer **any three** questions from the following :

9. Prepare Stores Ledger under LIFO method.

2015 September

1. Opening balance 250 units @ ₹ 1 per unit
3. Issued 50 units MRN 61
6. Received 800 units @ ₹ 1.10 per unit GRN 13
7. Issued 300 units MRN 63.
8. Returned to stores 20 units issued out of MRN 61.
12. Received 300 units @ ₹ 1.20 per unit GRN 15
15. Issued 320 units MRN 83



- 18. Received 100 units @ ₹ 1.20 per unit GRN 77
 - 20. Issued 120 units MRN 102
 - 23. Returned to vendors 40 units received as per GRN 77
 - 26. Received 200 units @ ₹ 1 per unit GRN 96
 - 28. Freight paid ₹ 50 on purchase as per GRN 96
 - 29. Issued 250 units MRN 113
 - 30. Shortage found on verification 30 units.
10. Manohara Fabrics Ltd. is manufacturing the product 'P' and the following information has been obtained from the records for the year ending 31-12-2013.

Stock	01-01-2013	31-12-2013
Raw material (₹)	40,000	44,480
Finished goods (units)	2,000	4,000
Work in progress (₹)	9,600	32,000
		₹
Purchase of raw materials		2,40,000
Indirect materials		12,000
Works manager salary		16,000
Indirect wages		2,000
Research and experiment cost		10,000
Employees State Insurance		2,000
Other factory expenses		22,000
Direct wages		2,00,000
Carriage inward		2,880



Printing and stationery	4,000
Office salary	24,000
Counting house salary	4,000
Sales	6,00,000

Advertising, discount allowed and selling expenses ₹ 1 per unit. Total units produced is 32,000. Prepare a statement showing cost and profit per unit.

11. a) Following particulars are taken from the books of Bhagavathi Machines Manufacturers for the month of April 2014 relating to a department having 25 workers employed.

12

	₹
Basic wage	10,000
Dearness allowance	5,000
Overtime allowance	1,500
House rent recovered	2,000
Loan recovered	3,000
Night shift allowance	2,000
P.F. deposit for the month	2,500
ESI contribution	500
Medical and canteen expense	750
Bonus – 20% on wages	

The factory worked for 25 days of 8 hours each. The contribution to ESI and PF are in the proportion of 6:4 and 1:1 by the employer and the employees respectively.

Ascertain total labour cost, labour cost per hour and cash required for payment of wage.



b) Calculate normal and overtime wage payable to the workman from the following data :

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Days	Hours worked
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Friday	9
Saturday	4

Normal working hours per day is 8 hours. Normal time rate is ₹ 10 per hour. Overtime rate is upto 9 hours in a day at single rate and over 9 hours in a day at double rate.

12. Donald Enterprise collects overhead expenses under three production centres P₁, P₂, P₃ and two service centres S₁ and S₂. Following expenses are extracted from accounts.

Rent and rates	₹ 5,000
Power	₹ 1,500
Welfare expenses	₹ 2,200
Other expenses	₹ 4,400
General lighting	₹ 900
Indirect wages	₹ 2,000
Depreciation on machine	₹ 8,000



The following additional details are available :

Departments	P ₁	P ₂	P ₃	S ₁	S ₂
Floor space (sq. mtrs)	200	300	250	200	50
Light points	20	30	20	20	10
Direct wages (₹)	60,000	40,000	60,000	30,000	10,000
Machine H.P.	100	60	80	5	5
Cost of machines (₹)	24,000	32,000	40,000	2,000	2,000
No. of employees	25	30	35	12	8
Labour hours	1,800	2,000	2,600	—	—

The expenses of service departments are charged on a percentage basis as follows :

	P ₁	P ₂	P ₃	S ₁	S ₂
S ₁	20%	30%	40%	—	10%
S ₂	40%	20%	20%	20%	—

Prepare primary distribution summary and secondary distribution summary by adopting repeated distribution method.