

**GS-544**

IV Semester B.B.M. Examination, May/June - 2019

**(2013-14 and Onwards) (Repeaters)****BUSINESS MANAGEMENT****4.6 : COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answers should be written in **English** only.**SECTION - A**Answer **any eight** of the following sub-questions. Each Sub-question carries **2** marks.**8x2=16**

1. (a) What is time keeping ?
- (b) Write any two demerits of time rate system.
- (c) What do you mean by apportionment of overheads ?
- (d) Give any four examples of selling and distribution overheads.
- (e) Define cost accounting.
- (f) What do you mean by EOQ ?
- (g) Mention any two reasons for differences in profit or loss shown by cost and financial records.
- (h) What are the elements of cost ?
- (i) What is material requisition ?
- (j) How do you treat the following, while reconciling the profits between cost and financial records ?
  - Bank interest ₹ 2,000 credited in financial records
  - Bad debts written off ₹ 1,000 in financial records

**SECTION - B**Answer **any three** of the following. Each question carries **eight** marks.**3x8=24**

2. Calculate the earnings of workers P, Q and R under Halsey premium plan and Rowan bonus plan from the following information.

Workers	P	Q	R
Standard time (Hours)	10	15	12
Actual time (Hours)	6	8	9
Wage rate per hour (₹)	30	40	50

**P.T.O.**





3. The following transactions relates to the receipts and issues of material 'M'. Opening balance 500 units @ ₹ 9.50 per unit.

**Receipts :**

01-04-2019	750 units @ ₹ 11 per unit
14-04-2019	1,000 units @ ₹ 9 per unit
27-04-2019	3,000 units @ ₹ 8.50 per unit
29-04-2019	2,000 units @ ₹ 9.50 per unit

**Issues :**

01-04-2019	550 units
17-04-2019	1,100 units
29-04-2019	5,250 units



Prepare stores ledger under FIFO method.

4. The following information relates to a manufacturing Company for the year ended 31<sup>st</sup> March 2019

Direct Material Cost	₹ 12,96,000
Direct Labour Cost	₹ 8,64,000
Factory Overheads	₹ 3,45,600
Direct labour hours worked	23,040 hours

Calculate the overhead absorption rates using the following methods :

- Prime cost method
- Direct labour cost method
- Direct labour hours method

5. State any six differences between cost accounting and financial accounting.

**SECTION - C**

Answer the question no. 10 and **any three** questions of the remaining. Each question carries **15** marks.

**4x15=60**

6. A factory has 3 production departments and 2 service departments. The overhead distribution summary of the departments showed the following.

Particulars	Production Departments			Service Departments	
	A	B	C	X	Y
Amount (₹)	5,00,000	4,00,000	2,50,000	90,000	60,000





The service departmental expenses of X and Y are to be allocated on a percentage basis as follows.

Particulars	Production Departments			Service Departments	
	A	B	C	X	Y
Service Department X	40%	20%	30%	-	10%
Service Department Y	30%	30%	20%	20%	-

Prepare the overhead distribution summary under repeated distribution method.

7. From the following figures prepare a reconciliation statement and find out the profit as per financial accounts.

	Amount (₹)
(a) Net loss as per cost accounts	71,000
(b) Directors fees not charged in cost accounts	13,000
(c) Provision for doubtful debts made in financial accounts	11,400
(d) Bank interest credited in financial accounts	600
(e) Obsolescence loss charged in financial accounts	1,66,000
(f) Overheads charged in cost accounts	1,70,000
(g) Overheads charged in financial accounts	1,66,400
(h) Depreciation charged in financial accounts	96,000
(i) Depreciation charged in cost accounts	80,000
(j) Stores adjustment credited in financial accounts	1,02,500
(k) Interest on investments not credited in cost accounts	99,000

8. From the following data prepare stores ledger account under weighted average method of pricing of material issues. Opening stock of raw material 'X' as on 01-03-2019 was 20,000 units at ₹ 20 per unit.

**Receipts :**

01-03-2019	12,000 units @ ₹ 21 per unit
08-03-2019	10,000 units @ ₹ 22 per unit
13-03-2019	36,000 units @ ₹ 19 per unit
18-03-2019	40,000 units @ ₹ 18 per unit
28-03-2019	20,000 units @ ₹ 21 per unit

**Issues :**

02-03-2019	18,500 units
04-03-2019	10,200 units
10-03-2019	8,300 units
14-03-2019	35,000 units
19-03-2019	38,000 units
30-03-2019	15,000 units

The stock verification reveals that a shortage of 100 units on 28-03-2019.







9. During the 1<sup>st</sup> week of April 2019, Mr. A Manufactured 120 articles. His daily wages per day of 8 hours is ₹ 400, which is guaranteed. Estimated time to produce one article is 30 minutes and under incentive scheme the time allowed is increased by 20%.

Calculate his gross wages under each of the following methods :

- Piece Rate with Guaranteed Time Rate System.
- Rowan premium Bonus plan.
- Halsey premium Bonus plan.

(Note : Week = Monday to Saturday)

10. Mr. Arjun is a small scale furniture manufacturer. He specialises in the manufacture of small dining tables of standard size of which he can make ₹ 15,000 a year.

The cost of the table worked out as under for the year 2017-18, when he made and sold 10,000 tables.

Materials	₹ 50
Labour	₹ 25
Fixed overhead recovered at 50% of material cost	₹ 25
<b>Total</b>	<u>₹ 100</u>

Prices are fixed by adding a standard margin of 10% to the total cost arrived as above.

In 2018-19 due to fall in the cost of materials, the total cost worked out as under

Materials	₹ 40
Labour	₹ 25
Fixed overhead recovered at 50% of material cost	₹ 20
<b>Total</b>	<u>₹ 85</u>

Mr. Arjun maintained his standard margin of 10% on the cost of sales. Sales in units were at the same level as in 2017-18.

- Determine profit or loss for the year 2018-19.
- Compute the price which should have been charged in 2018-19 to yield the same profit as in 2017-18.

