CHRIST UNIVERSITY, BANGALORE-560029

End Semester Examination March - 2014

Bachelor of Business Management - IV SEMESTER

Code : BBM431 **Max. Marks : 100**

Sub : COST ACCOUNTING **Duration : 3Hrs**

SECTION A

Answer any SEVEN from the following. **7 X 2 = 14**

1 State any 2 differences between cost accounting and management accounting.

2 Differentiate between cost accounting and financial accounting.

3 Give the meaning of material control.

4 Give the reasons for normal idle time.

5 Give two examples each of selling overheads and distribution overheads.

6 What do you mean by work uncertified in contract costing?

7 How is abnormal gain treated in process cost accounts?

8 Why is Reconciliation necessary between profit as per financial accounting and cost accounting?

9 What are cost Auditors functions?

SECTION B

Answer any SIX from the following **6 X 6 = 36**

10 Work out the machine hour rate for the following machine for the month of January.

Cost of machine	Rs. 90,000.
Other charges, e.g., freight and installation	Rs. 10,000.
Working life	10 years.
Working hours	2000 per year.
Repair charges	50% of depreciation.
Power -	10 units per hour @ 10 praise per unit.
Lubricating oil	@ Rs.2 per day of 8 hours.
Consumable stores	@ Rs.10 per day of 8 hours.
Wages of operator	@ Rs. 4 per day.

11 The following expenses were incurred on an unfinished contract during the year 2010:

Materials	Rs. 90,000
Wages	Rs. 60,000
Other Expenses	Rs. 30,000

Rs. 2,00,000 was received by the contractor, being 80% of the work certified. Work done but not certified was Rs. 5,000. Determine the profit to be credited to profit and loss a/c and profit kept as reserve in all the three alternative given below:

1	Contract Price	Rs. 3,00,000
2	Contract Price	Rs. 5,50,000
3	Contract Price	Rs. 12,00,000

12 In process X 100 units of raw materials were introduced at a cost of Rs. 1000. The other expenditure incurred by the process was Rs. 602. Of the units produced 10% are normally lost in the course of manufacture and they possess a scrap value of Rs. 3 each. The output of process X was only 75 units. Prepare Process X Account and abnormal loss account.

13 A company maintained separate cost and financial accounts, and the costing profit for 2011 differed to that revealed in financial accounts, which was shown as Rs. 50,000.

The following information is available:(a)

	Cost A/c (Rs.)	Financial A/c (Rs.)
Opening Stock of Raw materials	5,000	5,500
Closing stock of Raw materials	4,000	5,300
Opening Stock of Finished Goods	12,000	15,000
Closing Stock of Finished Goods	14,000	16,000

(b) dividends of Rs. 1,000 were received by the company.

(c) a machine with net book value of Rs. 10,000 was sold during the year for Rs. 8,000.

(d) the company charged 10% interest on its opening capital employed of Rs. 80,000 to its process costs.

You are required to determine the profit figure which was shown in the cost accounts.

14 Enumerate the scope and functions of cost audit.

15 From the following particulars, calculate the total amount of wages payable under (i) the Halsey and (ii) the Rowan premium plans:

Standard time	10 hrs
Wage rate per hour	Rs.5
Time taken	8 hours

16 Bharat Manufacturing Company uses copper wire which is purchased from the market as and when necessary. The following purchases and issues were made during the month of January, 2002:

Jan. 1	Opening balance 300 kgs. at Rs.25 per kg.
" 3	Purchased 500 kgs.at Rs. 26.60 per kg.(Purchase Order No.101).
" 4	Issued 220 kgs. (Material Requisition No. 201)
" 10	Issued 440 kgs. (Material Requisition No. 202)
" 20	Purchased 490 kgs. at Rs.23 per kg. (Purchase Order No. 102).
" 25	Issued 300 kgs.(Material Requisition No. 203).
" 26	Surplus 20 kgs returned to store out of quantity issued on January 4 (Material Requisition Note No. 20).

Prepare Stores Ledger Account for the above transactions according to 'LIFO' method of pricing issue of materials.

17 Explain the concept of material control? What are its objectives?

SECTION C

Answer any TWO from the following **2 X 15 = 30**

18 The Indian Construction Co. Ltd has undertaken the construction of a bridge over the river Yamuna after a corporation. The value of the contract is Rs.15,00,000 subject to retention of 20% until one year after certified completion of the contract, and final approval of the corporation's engineer. The following are the details as shown in the books on 30th June 2012.

Particulars	**Rs**
Labour on site	4,05,000

Materials direct to site	4,20,000
Materials from stores	81,200
Hire and use of plant	12,100
Direct expenses	23,000
Gen .O.H. allocated to the contract	37,100
Materials in hand on 30-6-12	6,300
Wages accrues on 30-6-12	7,800
Direct expenses accrued on 30-6-12	1,600
Works not yet certified at cost	16,500
Amt. certified by the corporation's Engineer	11,00,000
Cash received on a/c	8,80,000

Prepare (a) Contract a/c (b) contractees a/c

19 From the following figures, prepare Reconciliation Statement and determine financial profit :

	Rs
Net profit as per costing books	66,760
Factory overhead under-recovered in costing	5,700
Administration overhead recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received but not included in costing	450
Income-tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment (credited in financial books)	420
Depreciation of stock charged in financial accounts	860
Dividends appropriated in financial Accounts	1,200
Loss due to theft and pilferage provided only in financial books	260

20 X Manufacturing Company's produces a product in two distinct processes-A and B and then to Finished Stock. It is known from past experience that wastage occurs in the process as under: In Process A. 5% of the units entering the process and in Process B 10% of the units entering the process. The scrap value of wastage in process A is Rs.16 per 100 units and in Process.8 is Rs.20 per 100 units. The process figures are:

	Process A	Process B
Materials consumed	Rs. 6,000	Rs. 3,000
Wages.	Rs 7,000	Rs 4,000
Manufacturing expenses	Rs 2.000	Rs 2,000

5,000 units were brought into Process A. costing Rs. 5,000.The outputs were: Process A - 4.700 units. Process B - 4,150 units. Prepare Process Accounts showing the cost of the output.

SECTION D

Compulsory **1 X 20 = 20**

21 A Co., Manufactures two types of pens P and Q. The cost data for the year 30th Sep, 2008 is as follows:

	Rs.
Direct Materials	4,00,000
Direct Wages	2,24,000
Factory Overheads	96,000

It is further ascertained that:

- Direct Materials in type P cost twice as much direct material in type Q.
- Direct Wages for Type Q were 60% of those for type P.
- Production overhead was same for both types.
- Administration overhead for each was 200% of direct labour.
- Selling costs were 50 paise per pen sold for both types.

	Production during the year	Sales during the year
Type P	40,000	36,000
Type Q	1,20,000	1,00,000

- Selling prices were Rs.14 per pen for the type P and Rs. 10 per pen for the type Q.

Prepare a statement showing total and per unit cost of production, total cost and sales value for 2 types of pen P & Q.