

(Please write your Exam. Roll No.)

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END TERM EXAMINATION

SECOND SEMESTER [BBA/(B&I)/(TTM) MOM], MAY – 2011

Paper Code : BBA/(B&I)/(TTM) - 110

Subject : Cost Accounting

Paper Id : 17/18/50110

Time : 3 Hours

Maximum Marks : 75

Note : Answer any Five questions. All questions carry equal marks. Simple calculator is allowed.

Q. 1. Define Cost Accounting. Explain its Objectives and Limitations. (15)

Q. 2. (a) Calculate Economic Order Quantity when, monthly demand is 400 units, purchase price per unit is ₹ 20, ordering cost is ₹ 120 per order and holding cost is 10% per annum. (7½)

(b) From the following, calculate earnings of the worker under :

(i) Halsey Plan and (ii) Rowan Plan

Standard Time = 10 hours, Hourly rate = ₹ 2 and

Time Taken = 6 hours. (7½)

Q. 3. ABC Limited undertook a contract for ₹ 5,00,000 on 1st July, 2009 on 30th June, 2010 when the accounts were closed, the following details about the contract were gathered : (15)

	₹
Materials Purchased	1,00,000
Wages Paid	45,000
General Expenses	10,000
Plant Purchased	50,000
Materials in hand 30.6.10	25,000
Wages Accrued 30.6.10	5,000
Work Certified	2,00,000
Cash Received	1,50,000
Work Uncertified	15,000
Depreciation of Plant	5,000

The above contract contained an escalation clause which read as follows:
 "In the event prices of materials and rates of wages increase by more than 5%, the contract price will be increased accordingly by 25% of the rise in the cost of materials and wages beyond 5% in each case."

It was found that since the date of signing the agreement the prices of materials and wage rates increased by 25%. The value of the work certified does not take into account the effect of the above clause.

Prepare the contract account.

Q. 4. The product of a company passes through three different processes — (15)

A, B and C. The normal wastage of each process is as follows :

Process A : 2%, Process B : 5%, Process C : 10%.

The wastage of process A and B is sold at Re.1 per unit and that of process C at ₹ 4 per unit.

The company gives you the following information for the month of July, 2005

2000 units of crude material were introduced in process A at a cost of ₹ 8 per unit. Besides this the following were other costs.

Particulars	Process - A	Process - B	Process - C
	Rs.	Rs.	Rs.
Materials consumed	8,000	3,000	2,000
Direct Labour	12,000	8,000	6,000
Work Expenses	2,000	1,000	3,000

	<u>Units</u>	<u>Units</u>	<u>Units</u>
Output	1,950	1,925	1,590
Stock : July 1	200	300	500
July 31	150	400	—
Stock : Valuation on July 1, Per unit	19	27	36.5

Stock on 31st July, 2005 is to be valued at cost as shown by month's production accounts. Prepare the Process Accounts.

Q. 5. Differentiate between any **Five**. **(3×5=15)**

- (a) Product Cost and Period Cost
- (b) Cost Apportionment and Cost Absorption
- (c) Shut down cost and Sunk Cost
- (d) Casual Workers and Out workers
- (e) Waste and Scrap
- (f) Job Costing and Batch Costing

Q. 6. The following figures are extracted from the books of a manufacturing company having A, B, C as production departments and X as Maintenance Department and Y as Store Department. **(15)**

Power and Light 6,000
Rent and Rates 2,800
Insurance on Assets 1,000
Meal Charges 3,000
Depreciation per annum – 6% on Capital values.

From the above prepare a Departmental Distribution Summary with the following departmental data :

Item	Production Department		Service Department		
	A	B	C	X	Y
Indirect Materials	950	1,200	200	1,500	400
Indirect Wages	900	1,100	300	1,000	650
Area Sq. mt.	400	400	300	200	100
Capital value of assets (₹)	1,00,000	1,20,000	80,000	60,000	40,000
KW Hrs.	4,000	4,400	1,600	1,500	500
No. of workers	90	120	30	40	20

Q. 7. Ascertain the cost of carrying one tonne of goods for a distance of one km. from the following particulars : (15)

Cost of truck – ₹ 3,00,000

Estimated Scrap Value – ₹ 25,000

Life 5 years; Capacity 4 tones; Average daily distance covered (km) 200 (100 outward and 100 return)

Working days in a month 25.

Freight : Full capacity outward, 50% on return journey.

<u>Annual Charges</u>	₹
Insurance @ 2%	
Repairs and Maintenance	4,500
Garage Rent	3,600
Taxes	6,000
Interest @ 18%	
Tyre, Battery etc.	6,500
<u>Monthly Charges</u>	
Driver's Salary	750
Coolie	500
Petrol etc. ₹ 100 for every 100 kms.	

Q. 8. Write Short notes on any **Three** : (5×3=15)

- Activity Based Costing
- Esclation clause with example
- Reconciliation of Cost and Financial Accounts
- Stores Ledger Vs. Bin Cards

