

**END TERM EXAMINATION****SECOND SEMESTER [BBA] MAY-JUNE 2016****Paper Code: BBA-110****Subject: Cost Accounting****BBA(B&I)-110****BBA(TTM)-110****Time: 3 Hours****Maximum Marks: 75****Note: Attempt any five questions.**

- Q1 (a) Explain the important objectives of Cost Accounting. (5)  
 (b) Given below is a list of ten industries. Give the method of costing and the unit of cost against each industry. (10)
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| (i) Nursing Home;    | (vi) Bridge Construction;                          |
| (ii) Road Transport; | (vii) Interior Decoration;                         |
| (iii) Steel;         | (viii) Advertising;                                |
| (iv) Coal;           | (ix) Furniture;                                    |
| (v) Bicycles;        | (x) Sugar Company having its own sugarcane fields. |
- Q2 (a) State the purposes served by Time Keeping and Time Booking records of a factory. (5)  
 (b) The cost accountant of Y Ltd. has computed labour turnover rates for the quarter ended 31<sup>st</sup> March, 2015 as 10%, 5% and 3% respectively under flux method, replacement method and separation method. If the number of workers replaced during the quarter is 30, find out the number of: (10)
- (i) Workers recruited and joined.  
 (ii) Workers left and discharged.
- Q3 Differentiate between **any three** of the following:- (3x5=15)
- (a) Perpetual Inventory System and Periodical Inventory System.  
 (b) Product Cost and Period Cost.  
 (c) Life Cycle Costing and Activity Based Costing  
 (d) Machine Hour Rate and Direct Labour Hour Rate  
 (e) Casual Workers and Outworkers.
- Q4 Mr. Richardson undertook a contract for Rs. 75,00,000 on an arrangement that 80% of the value of the work done, as certified by the architects of the contractee should be paid immediately, and the remaining 20% be retained until the contract was completed.
- In 2009, the amounts expended were: Materials Rs. 9,60,000, Wages Rs. 8,50,000, Carriage Rs. 30,000, Cartage Rs. 5,000, Sundry expenses Rs. 35,000. The work was certified for Rs. 18,75,000 and 80% of this was paid as agreed.
- In 2010, the amounts expended were: Materials Rs. 11,00,000, Wages Rs. 11,50,000, Carriage Rs. 1,15,000, Cartage Rs. 10,000, Sundry expenses Rs. 20,000. Three-fourths of the contract was certified as done by 31<sup>st</sup> December and 80% of this was received accordingly. The value of the unused stock and work-in-progress uncertified was ascertained at Rs. 1,00,000.
- In 2011, the amounts expended were: Material s. 6,30,000, Wages Rs. 8,50,000, Cartage RS. 30,000, Sundry expenses Rs. 15,000. The whole contract was completed on 30<sup>th</sup> June.
- Show how the contract account, work-in-progress account and the contractee's account would appear in each of these y ears in the books of the contractor assuming that balance due to him was received on completion of the contract.
- Also show the relevant items in the Balance Sheet. (15)
- Q5 The product of a manufacturing concern passes through two processes – A and B. The normal losses and abnormal losses are defective units having a scrap value of Rs. 2 and Rs. 5 per unit in processes A and B respectively. The following information relates to the month ending 31-03-2015:

	Process A	Process B
Raw material issued @ Rs.5	3,000 units	-
Normal Loss	10% of input	5% of input
Output	2,800 units	2,600 units
Additional Components	Rs. 1,000	Rs. 780
Direct Wages	RS. 4,000	Rs. 3,000
Direct Expenses	Rs. 10,000	Rs. 14,000
Production Overhead (as per percentage of direct wages)	75%	125%

There was no opening or closing work in progress but opening and closing stocks of finished goods were RS. 20,000 AND Rs. 23,000 respectively.

Prepare Process Account, Finished Stock A/c, Normal Loss A/c, Abnormal Loss A/c and Abnormal Gain A/c. **(15)**

- Q6 From the information given below, prepare (a) a statement showing costing profit or loss; and (b) another statement reconciling the costing profits with those shown by financial accounts.

**TRADING AND PROFIT & LOSS ACCOUNT**  
**For the year ended 31<sup>st</sup> December, 2015**

Materials	Rs. 1,50,000	Sales (1,50,000 units)	Rs. 3,00,000
Direct Wages	75,000		
Indirect Factory Expenses	45,000		
Office Expenses			
Selling and Distribution Expenses	13,500		
Net Profit	9,000		
	7,500		
	<b>3,00,000</b>		<b>3,00,000</b>

The normal output of the factory is 2,25,000 units. Factory expenses of a fixed nature are Rs. 27,000. Office expenses are for all practical purposes constant. Selling and distribution expenses are constant to the extent of Rs. 3,000 and the balance varies with sales. **(15)**

- Q7 (a) Explain treatment of Interest on Capital in Cost Accounts. **(5)**  
 (b) In a manufacturing unit, overhead was recovered at a predetermined rate of Rs. 25 per man-day. The total factory overhead expenses incurred and the man-days actually worked were Rs. 41.50 lakhs and 1.50 lakhs days respectively.  
 Out of the 40,000 units produced during a period, 30,000 were sold. On analyzing the reasons, it was found that 60% of the unabsorbed overheads were due to defective planning and the rest were attributable to increase in overhead costs.  
 How would unabsorbed overheads be treated in cost accounts? **(10)**

- Q8 Write short notes on **any three** of the following:- **(3x5=15)**  
 (a) Material Losses  
 (b) Joint Products  
 (c) Batch Costing  
 (d) Cost Driver  
 (e) Back Flush Costing.