

Student's Roll No. : .....  
(To be written before any answer)

Subject Code : COAC

**SEMESTER III – B.B.A. EXAMINATION 2008  
COST ACCOUNTING**

*Full Marks : 50*

*Time : 2HRS.*

*Students should answer in their own words as far as practicable.*

**GROUP - A**

1) Answer any five questions : [5x2=10]

- a. State any four objectives of cost accounting.
- b. Define “cost unit” and “cost centre”.
- c. In what way do you consider Activity Based Costing as an improvement over the traditional overhead distribution costing?
- d. Can abnormal gain exceed normal loss? Explain.
- e. Define “Relevant Range” and “Relevant Cost”.
- f. How is over - absorption of overheads treated in cost accounting?
- g. State any four items of expense which appear in cost accounting and not in financial accounting.

**GROUP – B**

Answer any four questions : [4x10=40]

2) ABC Company produces two types of stereo units. Activity data follows :

Activity Usage Measures	Product Costing Data		
	Deluxe	Regular	Total
Units produced per year	5,000	50,000	55,000
Prime costs (Rs.)	39,000	3,69,000	4,08,000
Direct Labour hours	5,000	45,000	50,000
Machine hours	10,000	90,000	1,00,000
Production runs	10	5	15
Number of moves	120	60	180

Activity Cost Data (overhead activities)

Activity	Activity Cost (Rs.)
Setting up equipment	60,000
Material handling	30,000
Using Power	50,000
Testing	<u>40,000</u>
Total	<u>1,80,000</u>

Calculate unit product costs using activity based costing. (10)

3. Paramount Engineers are engaged in the construction and erection of a bridge under a long - term contract. The cost incurred upto 31.03.2008 was as under :-

<b>Fabrication</b>	<b>Rs.(in lakhs)</b>
Direct Materials	280
Direct Labour	100
Overheads	<u>60</u>
	440
Erection costs to date	<u>110</u>
	<u>550</u>

The contract price is Rs. 11 crores and the cash received on account till 31.03.2008 was Rs. 6 crores. A technical estimate of the contract indicates the following degree of completion of work :

Fabrication – Direct Material – 70%, Direct Labour & overheads 60%, Erection – 40%.  
You are required to estimate the profit that could be taken to Profit & Loss Account against this partly completed contract as on 31.03.2008. (10)

- 4) The product manufactured by the Standard Chemicals Ltd., passes through three processes : I, II and III. The following costs have been incurred for the month of September 2008 :

<u>Details</u>	<u>Process I</u> (Rs.)	<u>Process II</u> (Rs.)	<u>Process III</u> (Rs.)
1. Materials Consumed	20,000	7,500	5,000
2. Direct Wages	22,500	10,000	10,000
3. Direct Express	<u>20,500</u>	<u>2,250</u>	<u>2,505</u>
	<u>63,000</u>	<u>19,750</u>	<u>17,505</u>
	(Units)	(Units)	(Units)
4. Output	3,900	3,850	3,200
5. Finished Process			
Stock : (i) 01.09.08	600	550	800
(ii) 30.09.08	500	800	NIL
6. Stock Valuation on			
01.09.08 (Rs.per unit)	24.50	31.00	37.00
7. Percentage of Wastage	2	5	10
8. Net Realisable value of wastage per unit (Rs.)	13.50	16.25	21.00

Four thousand Units of raw materials were introduced in Process No. 1 at a cost of Rupees forty thousand.

Stocks are valued and transferred to subsequent processes at weighted average cost. The percentage of wastage is computed on the number of units entering the process concerned.

Prepare (i) Process Accounts (ii) Process Stock Accounts (10)

- 5) A transport service company is running five buses between two towns which are 50 kms apart. The seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for April 2008 :

	Rs.
Wage of drivers, conductors and cleaners	24,000
Salaries of office staff	10,000
Diesel oil and other oil	35,000
Repairs & maintenance	8,000
Taxation, insurance etc.	16,000
Depreciation	26,000
Interest & other expenses	<u>20,000</u>
	<u>1,39,000</u>

