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ST. XAVIER'S COLLEGE (AUTONOMOUS)

**3rd SEMESTER EXAMINATION
B.B.A.
NOV - DEC 2010**

**COST ACCOUNTING
(Old Syllabus)**

CACA3301

Monday, December 13, 2010 9:30 am to 11:30 am

Time allowed: **2 hours**

Full Marks: **50**

Instructions:

- Use fountain pen or ball-point pen of blue or black ink.
- Answer in your own words as far as practicable.
- Do not write anything on the Question paper other than your Roll No.

GROUP – A

1. Answer **ANY FIVE** questions: (5x2=10)
- (a) While preparing the Cost Sheet the new cost accountant has classified all expenses paid on the rent of corporate office, depreciation on office furniture, charitable and political donations, electricity expenses in factory and depreciation on goods delivery van as factory overhead. How will you help him to classify them properly?
 - (b) What are the differences between cost centres and cost units?
 - (c) What is Activity Based Costing?
 - (d) What do you mean by a job cost sheet?
 - (e) Explain with example the concept of 'semi-variable overhead'.
 - (f) Differentiate between underabsorption and overabsorption of overheads.
 - (g) How would you illustrate abnormal gain?

GROUP – B

Answer **ANY FOUR** questions: (4x10=40)

2. (a) What is Cost Sheet?
(b) M/s Electrosteel Castings Ltd. are the manufacturers of cast iron pipes. The following data relate to iron pipes manufactures for the month of March 2010:

Raw Material Consumed	Rs.20,000
Direct Wages	Rs.12,000
Machine Hour worked	9500 hours
Machine Hour rate	Rs.2
Office overheads	20% of works cost
Selling overheads	Re.0.50 per unit
Units produced	20,000
Units sold	18,000 @ Rs.5 per unit

Prepare the cost sheet showing the cost and the profit per unit and the total profit earned. (2+8)

3. Cookware Company has 2 production departments and 3 service departments. The overhead expenses incurred by the departments are given below:

Production Department A Rs.80,000	Production Department B Rs.60,000	Service department X Rs.40,000	Service department Y Rs.30,000	Service department Z Rs.30,000
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The overhead expenses of service departments X, Y and Z are to be allocated as follows:

Departments	A	B	X	Y	Z
X	20%	20%	-	30%	30%
Y	30%	40%	20%	-	10%
Z	40%	40%	10%	10%	-

You are required to apportion the overhead costs of service departments to production departments using the repeated distribution method. (10)

4. Gamma Manufacturing Company manufactured a product which passed through three distinct processes A, B and C, then to finished stock. From the past experience, it is ascertained that the normal wastage in each process is as under:

Process	Wastage on input	Sales Value of wastages
A	2%	25 paise per unit
B	4%	50 paise per unit
C	2.5%	60 paise per unit

4,000 units were initially introduced in Process A at a total cost of Rs.13,560.

The output of each process was as under:

Process	Output
A	3850 units
B	3600 units
C	3500 units

The expenses of the three processes were as follows:

Particulars	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Materials	12,000	10,000	9,000
Direct Labour	16,000	5,000	4,900
Manufacturing Expenses	2,000	3,400	3,590
Other Factory Expenses	3,500	2,005	2,004

You are required to prepare the three process accounts and also determine the sale price per unit of finished stock if the company desires to realize 20% profit on the selling price. (10)

5. (a) What is contract costing?
 (b) How is national profit calculated under contract costing?
 (c) What is escalation clause? (2+5+3)
6. From the following information, reconcile the profit as per cost accounts with financial accounts:

	Cost A/c.	Financial A/c.
Profit	86,250	
Opening Stock:		
Material	10,500	10,300
Work-in-progress	8,500	8,000
Closing Stock		
Material	14,200	15,000
Work-in-progress	6,000	5,600

Dividend and interest received Rs.600.

Loss on sale of investments Rs.1000.

Interest charged by the Bank not considered in Financial Accounts and Cost Accounts Rs.1500.

Goodwill written off during the year Rs.2500.

Preliminary expenses written off Rs.3000.

Overhead incurred Rs.40,000.

Overhead absorbed in Cost Accounts Rs.38,500.

Find out profit as per Financial Accounts. (10)
