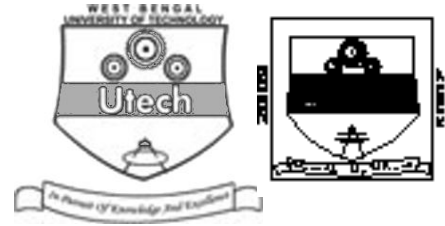


**CS/MBA (SUPPLE)/SEM-3/MB-302/09  
COST ACCOUNTING ( SEMESTER - 3 )**



1. ....  
Signature of Invigilator

2. ....  
Signature of the Officer-in-Charge

**Reg. No.**

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**Roll No. of the Candidate**

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**CS/MBA (SUPPLE)/SEM-3/MB-302/09  
ENGINEERING & MANAGEMENT EXAMINATIONS, JULY – 2009  
COST ACCOUNTING ( SEMESTER - 3 )**

Time : 3 Hours ]

[ Full Marks : 70

**INSTRUCTIONS TO THE CANDIDATES :**

- This Booklet is a Question-cum-Answer Booklet. The Booklet consists of **36 pages**. The questions of this concerned subject commence from Page No. 3.
- In **Group – A**, Questions are of Multiple Choice type. You have to write the correct choice in the box provided **against each question**.
  - For **Groups – B & C** you have to answer the questions in the space provided marked 'Answer Sheet'. Questions of **Group – B** are Short answer type. Questions of **Group – C** are Long answer type. Write on both sides of the paper.
- Fill in your Roll No. in the box** provided as in your Admit Card before answering the questions.
- Read the instructions given inside carefully before answering.
- You should not forget to write the corresponding question numbers while answering.
- Do not write your name or put any special mark in the booklet that may disclose your identity, which will render you liable to disqualification. Any candidate found copying will be subject to Disciplinary Action under the relevant rules.
- Use of Mobile Phone and Programmable Calculator is totally prohibited in the examination hall.**
- You should return the booklet to the invigilator at the end of the examination and should not take any page of this booklet with you outside the examination hall, **which will lead to disqualification**.
- Rough work, if necessary is to be done in this booklet only and cross it through.

**No additional sheets are to be used and no loose paper will be provided**

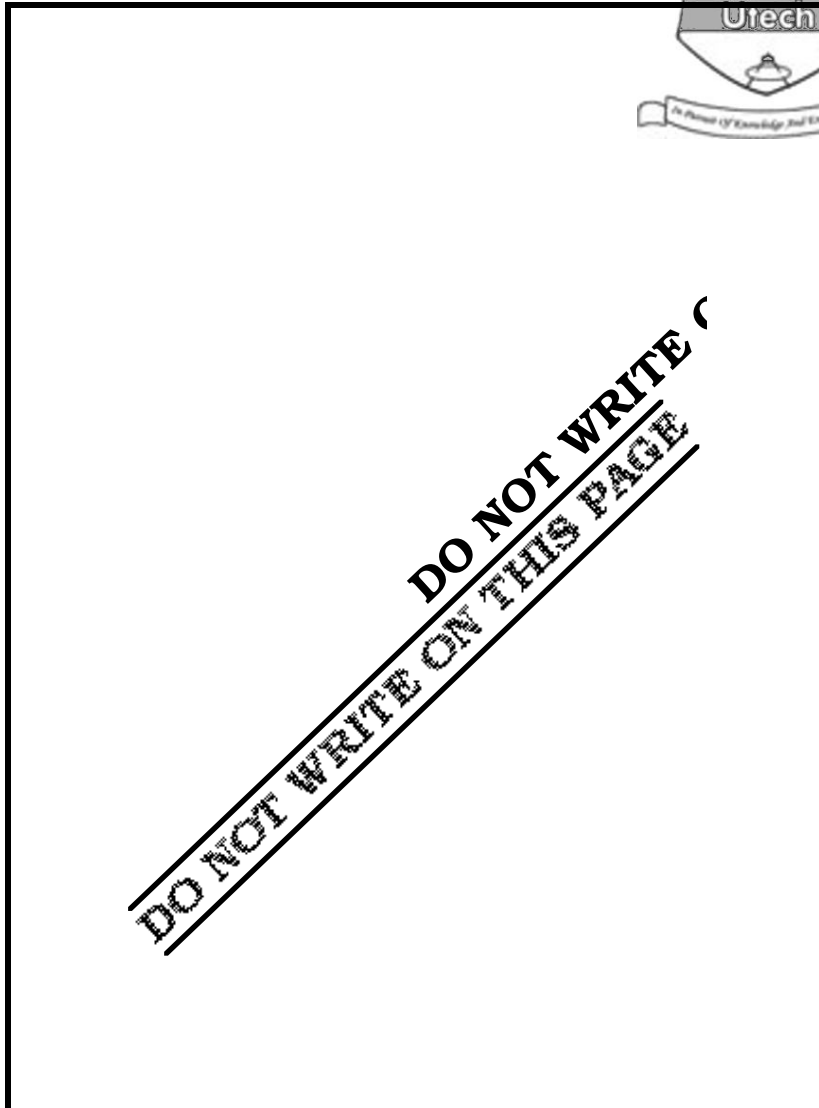
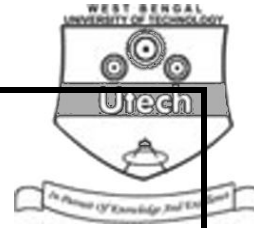
**FOR OFFICE USE / EVALUATION ONLY**

Marks Obtained

Question Number	Group – A					Group – B					Group – C					Total Marks	Examiner's Signature
Marks Obtained																	

.....  
**Head-Examiner/Co-Ordinator/Scrutineer**

**S-52009 (20/07)**





**CS/MBA (SUPPLE)/SEM-3/MB-302/09**  
**COST ACCOUNTING**  
**SEMESTER - 3**



Time : 3 Hours ]

[ Full Marks : 70

**GROUP – A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10

i) Contribution stands for

- a) Selling price — unit fixed cost
- b) Selling price — profit component
- c) Total selling price — unit variable cost
- d) Unit selling price — unit variable cost.

ii) “Cost driver” analysis is an integrated part of

- a) ABC system of inventory valuation
- b) Variance analysis
- c) Activity Based Costing
- d) Responsibility accounting.

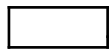
iii) Process costing is applied in

- |                      |                      |
|----------------------|----------------------|
| a) tea industry      | b) mints             |
| c) police department | d) airline industry. |



iv) In a job order system the use of indirect materials, previously purchased normally is recorded as a decrease in

- a) work-in-process inventory
- b) factory overhead applied
- c) factory overhead control
- d) factory supplies inventory.



v) Using a job order costing system, factory overhead

- a) can be applied to each job only at the time it is finished
- b) is applied to each job as it is finished and to the partially finished units at the end of each accounting period
- c) can be applied to each job as it is finished or wait until the end of the accounting period when it is applied only to the job finished during the period
- d) is applied to only partially finished units at the end of each accounting period.

vi) A debit balance on the contractee account should be incorporated in the balance sheet as

- a) a current liability as 'contract balances outstanding'
- b) set-off against contract stock valuation
- c) excess payments on account not set off against contract stock value
- d) in debtors as 'amount recoverable on contracts'.





xi) Productive causes of idle time include the following *except*

- a) power failure
- b) fall in demand
- c) machine Break-down
- d) waiting for materials and tools.




xii) Flexible Budgets are

- a) used to accommodate changes in inflation rates
- b) used to accommodate change in activity levels
- c) used to evaluate capacity utilization
- d) static budgets that have been revised for changes in prices.

### GROUP – B

#### ( Short Answer Type Questions )

Answer any *three* of the following.

3 × 5 = 15

2. State briefly the importance of Zero Based Budgeting.
3. Briefly narrate the importance of cost audit in automobile industry.
4. Write in bullet points ( maximum five ) the importance of 'Relevant Costing'.
5. What do you mean by Economic Order Quantity ( EOQ ) ?
6. What do you mean by labour turnover ? What are the different methods of calculating labour turnover ?



## GROUP - C

( Long Answer Type Questions )

Answer any *three* of the following.

3 × 15 = 45

7. Write short notes on any *three* of the following :

3 × 5

- a) Services Costing
- b) Uniform costing
- c) Cost control
- d) Semi-variable cost
- e) Batch costing
- f) Integrated accounts.

8. a) Discuss the utility of standard costing in management decision making ?
- b) The details regarding the composition and the weekly wage rates of labour force engaged on a job schedule to be completed in 30 weeks are as follows :

Category of Workers	Standard		Actual	
	No. of labourers	Weekly wage rate per labourer (Rs.)	No. of labourers	Weekly wage rate per labourer (Rs.)
Skilled	75	600	70	700
Semi-skilled	45	400	30	500
Unskilled	60	300	80	200

The work is actually completed in 32 weeks.

Calculate :

- i) Labour Cost Variance
- ii) Labour Rate Variance
- iii) Labour Efficiency Variance.



9. The following figures are available from the records of Venus Enterprises as at 31st March, 2009 :

	<b>2007-2008</b>	<b>2008-2009</b>
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Sales	150	200
Profit	30	50

Calculate :

- i) the P/V ratio and total fixed expenses
- ii) the break-even level of sales
- iii) sales required to earn an additional profit of Rs. 90 lakhs in 2009-2010
- iv) profit or loss that would arise if the sales were Rs. 280 lakhs

The company is trying to enhance its sales as well as profit. What cost control techniques, according to you, would the company follow ?

10. a) State briefly the difference between overhead allocation and absorption.
- b) An engineering company having 25 different types of automatic machines, furnishes you the following data for 2008-2009 in respect of machine B :

Cost of the machine	Rs. 50,000
( life 10 years with no scrap value )	
Overhead Expenses are :	
Factory rent	Rs. 50,000 p.a.
Heating & Lighting	Rs. 40,000 p.a.
Supervision charges	Rs. 1,50,000 p.a.
Reserve equipment for machine for Machine B	Rs. 5,000 p.a.
Area of the factory	80,000 sq.m.
Area occupied by Machine B	3,000 sq.m.

Power cost 50 paise per hour while in operation.

Wages of operator is Rs. 24 per day of 8 hours including all fringe benefits.

He attends to one machine when it is under set-up and two machines while under operation.

Estimated production hours	3,600 p.a.
Estimated setting time in hour	400 p.a.





Prepare a schedule of Comprehensive Machine Hour Rate and the overhead chargeable to the following jobs :

	<b>Job 1203</b>	<b>Job 1502</b>
Set-up time ( hours )	80	40
Operation time ( hours )	130	160

5 + 10

11. ABC company operates on historic job cost accounting system, which is not integrated with the financial accounts. At the beginning of November, 2008, the opening balances in the Cost Ledger were as follows :

	<b>Rs. ( in lakhs )</b>
Stores Ledger Control Account	80
Work in Progress Control Account	20
Finished Goods Control Account	430
Building Construction Account	10
Cost Ledger Control Account	540 ( Credit balance )

During the month the following transaction took place :

		<b>Rs. ( in lakhs )</b>
Materials	Purchased	40
	Issued to production	50
	Issued to general maintenance	6
	Issued to building construction	4
Wages	Gross wages paid	150
	Indirect wages	40
	For building construction	10
Works Overhead	Actual amount incurred ( excluding items shown above )	160
	Absorbed in building construction	20
	Under-absorbed	8
Royalty paid		5
Selling and Distribution Overhead		25
Sales		450



At the end of the month, the stock of raw materials and work in progress were Rs. 55 lakhs and Rs. 25 lakhs respectively. The loss arising in the raw material account is treated as factory overhead. The building construction was completed during the month. Gross Profit margin is 20% of Sales.

Prepare the relevant Cost Control Ledger Accounts to record the above transactions in the Cost Records of the Company.

15

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END