UNIT-V

6. a) What is Budgetary Control? State the objectives and main steps involved in Budgetary Control. 8

OR

b) The budgeted cost of a factory specializing in the production of a single product at the full capacity (100% capacity) of 6,400 units per annum amounts to Rs.1,76,048 as detailed below: 8

	Rs.	Rs.
Fixed Costs:		**20,688**
Variable Costs:		
Power	1,440	
Repairs etc.	1,700	
Miscellaneous	540	
Direct Material	49,280	
Direct Labour	1,02,400	**1,55,360**
Total (Fixed + Variables)		**1,76,048**

Having regard to possible impact on sales turnover by market trends, the company decided to have a flexible budget with a production target of 3,200 and 4,800 units (the actual quantity proposed to be produced being left to a later date before commencement of the budget period). Prepare a flexible budget for production levels at 50% and 75% capacity.

Assume selling price per unit is maintained at Rs.40 as at present, indicate the effect on net profit. Administration, selling and distribution expenses remain (fixed) at Rs.3,600 for all levels of production capacity.

[MURBM-404]

BBM DEGREE EXAMINATION
IV TRIMESTER

COST ACCOUNTING

(Effective from the admitted batch 2008–09)

Time: 3 Hours **Max.Marks: 60**

Instructions: All parts of the unit must be answered in one place only.
Figures in the right hand margin indicate marks allotted.

SECTION-A

1. Answer any **FIVE** of the following :
Each answer should not exceed one page. (5 x 4 =20)

a) Objectives of Cost Accounting.
b) Bin card.
c) LIFO method of pricing material issues.
d) F.W. Taylor's differential piece rate system.
e) Features of Job Order Costing.
f) Normal loss and Abnormal loss in process costing.
g) Budget Manual.
h) Flexible Budget.

SECTION-B

Answer the following :

UNIT-I

2. a) Define Cost Accounting and state its advantages and limitations. 8

OR

b) What is Management Accounting? Explain the inter-relationship and differences between Cost Accounting and Management Accounting. 8

UNIT-II

3. a) What do you mean by primary and secondary distribution of overheads? Briefly explain any two methods of secondary distribution of overheads. 8

OR

b) Form the following details of stores receipts and issues of Material 'M' in a manufacturing unit, prepare the Stores Ledger using 'Weighted Average Method' of valuing the issues. 8

August, 1, 2009	-	Opening Stock 2,000 units @ Rs.50 per unit
August, 3, 2009	-	Issued 1,500 units to production
August, 4, 2009	-	Received 4,500 units @ Rs.60 per unit
August, 8, 2009	-	Issued 1,600 units to production
August, 9, 2009	-	Returned to stores 100 units by production department (from the issues of August 3rd)
August, 16, 2009	-	Received 2,400 units @ Rs.65 per unit
August, 19, 2009	-	Returned to supplier 200 units out of the quantity received on August 4th
August, 20, 2009	-	Received 1,000 units @ Rs.70 per unit
August, 24, 2009	-	Issued 2,100 units to production
August, 27, 2009	-	Received 1,200 units @ Rs.75 per unit
August, 29, 2009	-	Issued 2,800 units to production (use rates up to two decimal places)

UNIT-III

4. a) What is contract costing? Explain the accounting procedure involved in preparing a Contract Account. 8

OR

b) The following are the particulars for the production of 2,000 sewing machines of Usha Sewing Machines Limited for the year 2008:

Cost of Direct Material Rs.1,60,000; Direct Wages Rs.2,40,000; Manufacturing expenses Rs.1,00,000; Salaries Rs.1,20,000; Rent and Insurance Rs.20,000; Selling expenses Rs.60,000; General expenses Rs.40,000 and Sales Rs.8,00,000.

The company plans to manufacture 3,000 sewing machines during 2009. You are required to submit a statement showing the price at which machines would be sold so as to show a profit of 10% on selling price. The following additional information is supplied to you:

i) Price of direct material is expected to rise by 20%

ii) Direct wages are expected to show an increase of 5%

iii) Manufacturing expenses will rise in proportion to the combined cost of materials and wages.

iv) Selling expenses per unit will remain the same

v) Other expenses will remain unaffected by the rise in output 8

UNIT-IV

5. a) What is Process Costing? State its advantages and limitations. 8

OR

b) A product passes through three processes A, B and C. The normal loss of each process is as follows: (As % of units entering the process) Process A : 3%; Process B : 5%; Process C : 8%. Loss of process 'A' was sold at 25 paise per unit, that of 'B' at 50 paise per unit and that of C at rupee 1 per unit. 10,000 units were introduced in process 'A' at rupee 1 per unit. The other expenses were as follows: 8

	Processes		
	A	**B**	**C**
	Rs.	Rs.	Rs.
Materials	2,050	2,688	2,509
Labour	5,000	8,000	6,500
Actual output (in units)	9,500 units	9,100 units	8,100 units

Prepare the process accounts, assuming that there were no opening or closing stocks.