FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2005

Part III—Commerce

Paper XIII—COST ACCOUNTING—Model I

(New Scheme)

Three Hours Maximum : 80 Marks

Section A

Answer any **ten** *questions.*
Each question carries 1 *mark.*

What is Sunk cost ?

What do you mean by "abnormal effectiveness" ?

What is integrated accounts ?

What do you mean by VED analysis ?

What is cost plus contract ?

What is differential piece rate system ?

What are fringe benefits ?

What do you mean by absorption ?

Mention 2 causes for disagreement between cost profits and financial profits.

What is by-product ?

What do you mean by equivalent production ?

Mention 2 circumstances where FIFO method is suitable.

(10 × 1 = 10 marks)

Section B

Answer any **ten** *questions.*
Each question carries **4** *marks.*

Distinguish between time keeping and time booking.

What are the objectives of Cost Accounting ?

What is a cost sheet ? What are its utilities ?

Write notes on the various stock levels.

Distinguish between process costing and job costing ?

For the following, name :

(i) the cost unit ; (ii) the method of costing applicable.

(a) Coal, (b) Steel, (c) Nursing Home, (d) Transport (goods).

19. Ram Co. Ltd. gives you the following information :

		Rs.
Materials used	...	3,00,000
Productive wages	...	2,40,000
Works on cost	..	48,000
Office Expenses	...	35,280

Prepare a Cost Sheet and also calculate the price to be quoted for a unit whose ma Rs. 2,500 and wages amount to Rs. 1,500 so that the price may yield a profit of 20 % price.

20. The following information relate to contract No. 707 :

		Rs.
Contract Price	...	60,00,000
Wages paid	...	16,40,000
General Expenses	...	86,000
Materials	...	12,00,000
Plant	...	2,00,000

As on date cash received was Rs. 24,00,000 being 80 % of work certified. The value of ma site was Rs. 1,00,000. Depreciate plant by 10 %. Prepare contract No. 707 account.

21. The total cost in processing 100 units of input is Rs. 9,000. Find the cost per unit of goods p if :—

(a) there is no normal loss.

(b) there is normal loss of 10 % of inputs.

(c) there is normal loss of 10 % of inputs with scrap value of Rs. 90.

22. From the following calculate EOQ and the total annual inventory cost :

Annual demand	...	2,400 units
Unit price	...	Rs. 2.4
Ordering cost per order	...	Rs. 4.0
Storage cost	...	2 %
Interest rate	...	10 % p.a.
Lead time	...	Half month

23. Calculate Direct Labour hour rate :

Total no. of workers	...	100
Working days in a year	...	300
No. of hours per day worked	...	8 hours
Idle time	...	5 %.
Factory overheads	...	Rs. 11,400
Gift to workers	...	Rs. 1,000

24. Give journal entries if integrated accounts are operated :—

			Rs.
(a)	Raw materials purchased (50 % credit)	...	5,00,000
(b)	Materials issued to production	...	4,00,000
(c)	Wages paid (50 % direct)	....	2,00,000
(d)	Factory overheads incurred	...	1,00,000
(e)	Factory overheads charged to production	...	80,000

(10 × 4 = 40 marks)

Section C

Answer any **two** *questions.*
Each question carries 15 *marks.*

25. The following figures related to March 2004 :

		Rs.
Sales	...	40,000
Raw materials	...	12,000
Labour cost	..	9,000

Works overhead and administration overhead charged in cost accounts stand in 2 : 1 rati respectively. Actual expenses incurred :—

		Rs.
Manufacturing	...	6,500
Office	...	2,800

Selling price includes 25 % on sales as profit.

Find out and reconcile profits as per cost and financial books.

26. A transport company is running 4 buses between two towns which are 50 kms. apart. Seati capacity of each bus is 40 passengers. The following details relate to a particular year :

Wages (Drivers, conductors etc.) Rs. 2,400 Salary-office—Rs. 1,000. Diesel, oil—Rs. 4,0 Repairs—Rs. 800. Taxation, Insurance etc.—Rs. 1,600. Depreciation Rs. 2,600. Interest a other charges Rs. 2,000.

Actual passengers carried were 75 % of capacity. All buses ran on all days, each b making one round trip per day. Find out cost per passenger km.

27. A company manufactures three joint products–A, B and C, the joint cost being Rs. 8,000. T profit on sale of these products were 30 %, 25 % and 15 % respectively on selling price. Prepar statement showing joint cost apportionment from the following details of subsequent expenses a sales.

Particulars		*A* (*Rs*)	*B* (*Rs*)	*C* (*Rs*)
Materials	...	100	75	25
Wages	...	200	125	50
Overheads	...	150	125	75
Total subsequent expenses	...	450	325	150
Sales	...	6,000	4,000	2,500

(2 × 15 = 30 ma