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Name.....

Reg. No.....

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2006

Paper VIII—COST ACCOUNTING

(1994 Admission—Old Scheme)

Maximum : 100 Marks

Time : Three Hours

Section A

*Answer any ten questions.
Each question carries 2 marks.*

1. What is cost Accounting ?
2. Define cost centre.
3. What is Bin Card ?
4. What do you mean by idle time ?
5. What is absorption of overheads ?
6. What is Batch costing ?
7. What is cost plus contract ?
8. What is meant by normal and abnormal process loss ?
9. What is cost control account ?
10. Name two undertakings in which operating costing is used.
1. What is a cost sheet ?
2. Give two objectives of material control.

(10 × 2 = 20 marks)

Section B

*Answer any ten questions.
Each question carries 5 marks.*

3. What are the main objectives of cost Accounting ?
4. What is ABC analysis ? State any three advantages.
5. Briefly explain the different methods of time booking.
6. How are overheads classified ? Give one example under each head.
7. Distinguish between job costing and process costing.
8. Why is reconciliation necessary between financial accounting and cost accounting ?
1. Explain :
 - (a) Equivalent production.
 - (b) Inter process profits.

20. Calculate :

- (a) Minimum stock level and
 (b) Maximum stock level for the component A.
- Minimum usage : 50 units per week each.
 Maximum usage : 150 units per week each.
 Normal usage : 100 units per week each.
 Reordering quantity : 600 units.
 Delivery period : 4 to 6 weeks

21. Calculate earnings of a worker under :

- (a) Halsey Premium plan and
 (b) Rowan scheme.
- Time allowed = 48 hours
 Time taken = 40 hours
 Rate per hour = Re. 1

22. Modern Printers undertook two jobs during the first week of January 2006. The following are available :

	Job 110	Job 120
	Rs.	Rs.
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material transfer from Job 120 to Job 110	200	200
Material returned to stores	—	100

Find the cost of each job and profit or loss if any, assuming that job 120 is completed and to the customer at Rs. 3,000.

23. A transport company operates 4 buses on a route 100 kms. long. Each bus makes three trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for and maintenance. Ascertain the total distance covered by the buses in one month period.
24. The following are the expenses of Ram & Co., in respect of a contract which commenced 1st January 2005.

	Rs.
Materials purchased	50,000
Materials on hand (closing)	2,500
Direct wages	75,000
Plant issued	25,000
Direct expenses	40,000

The contract price was Rs. 7,50,000 and the same was duly received when the contract was completed in August 2005. Charge indirect expenses at 15% on wages. Provide for depreciation of Rs. 5,000 on plant.

Prepare the contract Account.

Section C

Answer any two questions.
Each question carries 15 marks.

From the following particulars of Krishna Ltd., prepare a cost sheet giving the maximum possible break up of costs and profit.

	Rs.
Materials purchased ...	2,00,000
Wages ...	1,00,000
Direct expenses ...	20,000
Opening stock of materials ...	40,000
Closing stock of materials ...	60,000

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

K Ltd. has three production departments A, B and C and two service departments D and E. The following figures are extracted from the records of the company :

	Rs.
Rent and rates ...	5,000
Indirect wages ...	1,500
Depreciation of machinery ...	10,000
General lighting ...	600
Power ...	1,500
Sundries ...	10,000

Following funds detail are available :

	Total (Rs.)	A	B	C	D	E
Flour space in square feet ...	10,000	2,000	2,500	3,000	2,000	500
Light points ...	60	10	15	20	10	5
Direct wages (Rs.) ..	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines ...	150	60	30	50	10	—
Value of machinery ...	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the cost to various departments on the most equitable basis by preparing a primary departmental distribution summary.

27. A product passes through two processes and then to finished stock. The normal wastage process is as follows process A 3% and process B 5%.
The wastage of process A was sold at Rs. 5 per unit and that of process B at Rs. 10 per unit. units were introduced into process A at the beginning of January 2006 at a cost of Rs. 40,000. Other expenses were as under :

	Process A	Process B
	Rs.	Rs.
Materials (Sundry) ...	40,000	60,000
Wages ...	2,00,000	3,20,000
Manufacturing expenses ...	30,000	28,500

The output of process A was 19,000 units and that of Process B 18,200 units. Prepare Accounts.

(2 × 15 = 30)