

KALYANI MAHAVIDYALAYA

TEST EXAMINATION – 2014

B.Com (Hons.) PART – I

Sub. : Cost Accounting

Time : 4 Hours

F.M. :100

1. Answer any five questions:

5x1=5

- (a) Mention two objectives of Cost Accounting.
- (b) What is a cost centre?
- (c) What is meant by Chargeable Expenses?
- (d) What is semi-variable expenses?
- (e) What is Bin Card?
- (f) Define idle time?
- (g) What do you mean by Break-Even-Point?
- (h) In what type of industries is process costing generally applied?

2. Answer any ten questions:

10x2=20

- (a) Define prime cost.
- (b) What is EOQ?
- (c) How do you classify cost according to function?
- (d) What do you mean by primary and secondary distribution of overhead?
- (e) What is cost plus contract?
- (f) What is job costing?
- (g) What is inter-process profit?
- (h) What is composite units used in operating costing? Give example.
- (i) What are the different methods of pricing of materials issued?
- (j) What is meant by material cost variance?
- (k) What is Machine Hour Rate?
- (l) What is the difference between contribution and profit?

3. Answer any five questions:

5x6=30

- (a) Discuss the essential features of a good wage payment system.

(b) Calculate Labour variances from the following information

Standard direct cost per unit:

Material cost for 5kg. Rs. 50 ; Labour cost for 20 hours Rs.10.

For production of 500 units, wage payment was Rs.6,050 for 11,000 hours including 20 hours idle time due to machine break down.

(c) In a factory component A is used as follows ;

Normal usage 50 kg. per week

Minimum usage 25 kg. per week

Maximum usage 75 kg. per week

Re-order quantity 300 kg.

Re-order period 4 – 6 weeks

Calculate for component A (i) Maximum Level, (ii) Minimum Level, and (iii) Average Level.

(d) The following data are obtained from the record of a company:

	<u>2012</u>	<u>2013</u>
Profit	Rs.10,000	Rs.14,000

Calculate:

(i) PV Ratio, (ii) BEP, and (iii) Profit, when sales amounts to Rs.50,000.

(e) What is under or over absorption of overhead? What are its causes?

(f) Following information has been obtained from the books of a manufacturing Company :

Stock of Raw Materials –

On 01.01.2013	Rs. 40,000
On 31.12.2013	Rs. 85,000
Purchase of Raw Materials	Rs.1,35,000
Carriage Inward	Rs. 5,000
Carriage Outward	Rs. 7,200
Raw Materials returned to suppliers	Rs. 12,100
Wages paid –	
Direct	Rs. 18,500
Indirect	Rs. 9,100
Direct Expenses	Rs. 6,250

Calculate Prime Cost.

- (g) Discuss how normal loss, abnormal loss and abnormal gain are treated in Process Costing .
 (h) What are the differences between cost accounting and financial accounting ?

4. Answer any three questions.

3x15=45

s(a) M/S. Lohia undertook a contract for erecting a plant for a total value of Rs.24,00,000. It was estimated that the job would be completed by 31.03.2015.

You are required to prepare the contract account and the work-in-progress account for the year ended 31.03.2014 from the following particulars:

Materials	Rs.3,00,000
Wages	Rs.6,00,000
Overhead charges	Rs.1,20,000
Special plant	Rs.2,00,000

Work certified was for Rs.16,00,000 and 80% of the same was received in cash

Materials lying on the site as on 31.03.2014 Rs.40,000

Depreciate plant by 10%

5% of the value of materials issued and 6% of the wages may be taken to have been incurred for the portion of the work completed, but not yet certified. Overheads are charged as a percentage of direct wages.

Ignore depreciation of plant for use on uncertified portion of the work.

Also ascertain the amount to be transferred to profit & loss account on the basis of realized profit.

(b) A product passes through three processes- A,B and C. 10,000 units at a cost of Rs.1.10 p.u. were issued to Process A. The other direct expenses were :

Items of expenses	Process A	Process B	Process C
Sundry materials	Rs.1,500	Rs.1,500	Rs.1,500
Direct labour	Rs.4,500	Rs8,000	Rs.6,500
Direct expenses	Rs.1,000	Rs.1,000	Rs.1,503

The wastage of process A and B were 5% and 4% respectively. The wastage of process A,B and C were sold at Re.0.25,Re.0.50 and Rs.1.00 p.u. The overhead charges were 160% of direct labour. The final product was sold at Rs.10.00 p.u., fetching a profit of 20% on sales.

Prepare process accounts.

(c) (i) The following transactions are recorded in respect of materials used in a factory :

<u>Date</u>	<u>Quantity Received(units)</u>	<u>Rate per unit(Rs.)</u>	<u>Quantity Issued(units)</u>
03.03.2014	400	2.10	-
15.03.2014	500	2.20	-
20.03.2014	-	-	500
26.03.2014	600	2.50	-
28.03.2014	-	-	900

Prepare a Stores Ledger Account pricing the issues under weighted average method.

(ii) Discuss the advantages and disadvantages of LIFO method for pricing of materials issued.

(d) Compute Machine Hour Rate from the following data :

Cost of machine	Rs.1,00,000
Installation charges	Rs.10,000
Estimated scrap value after expiry of effective life of 15years	Rs.5,000
Rent and rates for the shop per month	Rs.200
General lighting for the shop per month	Rs.300
Insurance premium for the machine p.a	Rs.960
Repairs and maintenance p.a.	Rs.1,000
Power consumption – 10 units per hours.	
Rate of power per 100 units Estimated working hours per annum – 2,200 (including setting time 200 hours)	Rs.20
Shop supervisor's salary per month	Rs.600

The machine occupies $\frac{1}{4}$ th of the total area of the shop. The supervisor is expected to devote $\frac{1}{5}$ th of his time for this machine.

(e) What is absorption costing? What are the advantages of absorption costing? What are its limitations?
