B. Com-III

Cost Accounting

Paper-II

Time:- 3 Hours **M.Marks-80**

Note :- Attempt Five questions in all selecting at least One but not more than Two questions from each unit. All questions carry equal marks.

UNIT-I

Q 1. Define Cost Accounting. Discuss the objectives and methods of cost accounting.

Q 2. Write sort notes on:

(i) Perpetual Inventory System
(ii) Re-order level
(iii) ABC Analysis
(iv) Economic Order Quantity

Q 3. For a certain work order, the Standard time is 20 hours, wages Rs. 5 per hour, the actual time taken is 13 hours and factory overhead charges are 80% of Standard time.

Set out a Comparative statement showing the total wages paid, Employees total saving and effective rate of Earning per hour according to

(1) Halsey Premium System

(2) Halsey Weir Plan

(3) Rowan Incentive Bonus Plan

UNIT-II

Q 4. The following particulars are obtained from the Records of ABC Ltd. for the year 2015:

	Rs.
Cost of Material	150000
Direct Wages	125000
Factory overheads	75000
Administrative overheads	84000
Selling overheads	56000

Distribution overheads	35000
Profit	105000

A work order has to be executed in 2016. Which will need raw materials worth Rs. 4000 and wages 2500. It is expected that the rate of factory overheads would go up by 20% and that of selling overheads by 12.5%, while the rate of distribution overheads is expected to go down by 10%. Administrative overhead will remain constant. At what price product be sold so as to earn a profit of 15% on selling prices. Factory overheads is based on direct wages and remaining overheads on factory cost.

Q 5. What is meant by Absorption of overheads? Discuss the various methods of Absorption of factory overheads.

Q 6. (a) Differentiate between Job Costing and Contract Costing.

(b) X Co. Ltd. had absorbed by means of blanket rate based on direct labour hours. As from Ist January 2007 it decides to adopt separate rates for the three main activities- storekeeping and material handling, machining and assembly. The estimates of costs and absorption rates for selling and distribution cost remain unchanged.
Overhead absorption rates are:
Prior to 1st January , 2007.
Production overhead: ` 0.50 per direct labour hour.
Selling and distribution overhead-25 % of production cost.

Storekeeping and material handling- 10% of direct material cost.
Machinery- ` 0.75 per machine hour.
Assembly- ` 0.30 per labour hour.
Selling and distribution overhead-25 % of production cost.

Direct costs of Job 101 have been:	`
Direct Material Cost	90
Direct Wages:	
Machinery 200 hours @ ` 0.60	120
Assembly 100 hours @ ` 0.40	40
	120

Contract price of the job is ` 525 and it requires 180 machine hours to complete.
Show the job cost sheet for job 101:

(a) As it would appear if the job had been completed prior to 1st January, 2007.
(b) As it would appear if the job were completed in January 2007.

UNIT-III

Q 7. What is the purpose of reconciliation Cost and financial Accounts? Indicates the possible sources of difference between them.

Q 8. In a Company sale of a product amount to 2000 units per month at Rs. 10 per unit. Fixed overhead is Rs. 400 per month and variable cost Rs. 6 per unit. There is a proposal to reduce price by 10%. Calculate the present and future P/V ratio and find, by applying P/V ratio, how many units must be sold to maintain total profit.

Q 9. Product X is obtained after it passes through three distinct processes. You are required to prepare Process Accounts, Normal Loss Account, Abnormal Loss Account and Abnormal Gain account, from the following information:

	Process I	Process II	Process III
	Rs.	Rs.	Rs.
Material	5200	3960	5924
Direct Wages			
Production Overheads			
1000 units at Rs. 6 per unit were Introduced in Process I	6000	----	----
Output(Units)	950	840	750
Normal Loss	5%	10%	15%
Scrap value (Per Unit)	Rs. 4	Rs. 8	Rs. 15

Q 10. What is budgetary control and how is it exercised? What precautions should be taken while preparing the budget?