B.Com II Year *(Pass)*
Cost Accounting
Model Paper I

Max. Marks: - 100 **Durations: - 3 Hrs.**

Attempt all the questions. All Questions are compulsory, each question carry 20 marks.

Unit I

1. A Ltd. Is the manufacturer of picture tubes for T.V. and Details of its operation during the year 2009-10 are as follows :-

Ordering cost	Rs. 100 per order
Inventory carrying cost	20% per annum
Cost per tube	Rs. 520
Minimum usage	50 tubes per week
Maximum usage	200 tubes per week
Normal usage	100 tubes per week
Lead time to supply	6-8 weeks

You are Required to find out following information :-
(1) Economic Order Quantity.
(2) If the supplier is ready to supply the required quarterly consumption of units at a discount of Rs. 5 per unit, is it worth accepting ?
(3) Reorder Level
(4) Maximum Level of stock
(5) Minimum Level of stock

OR

What are the objects of a good system of costing ? How does it help the top management in controlling various cost.

Unit II

2. (a) Calculate the machine hour rate of a machine with information given below:-

<u>Operating Data</u> :

Total number of weeks per quarter	= 13
Total number of hours per week	= 48
Stoppage due to maintenance	= 4 hrs. per month
Time taken for set up	= 4 hrs. per week

<u>Cost Details</u>:

Cost of machine	= Rs 2,00,000
Repair & maintenance	= Rs. 24,000 p.a.
Consumable stores	= Rs. 30,000 p.a.
Rent, Rates & Taxes	= Rs. 8,000 per Quarter
Operator's Wages	= Rs. 3,000 per month
Supervisor's Salary	= Rs. 5,000 per month
Cost of Power	= 15 units per hour at Rs 3 per unit

Additional Information :
(i) Life of the machine is 10 years. Depreciation is provided on straight line basis and is treated as variable cost.
(ii) Repairs and maintenance and consumable stores are variable costs.
(iii) Power is consumed for production runs only for set - up maintenance. But cost of power is to be borne by the total time excluding maintenance stoppages.
(iv) The supervisor is supervising work on five identical machines including the one now considered.

(b) The company hires out excess capacity in the machine shop for outside jobs. Assuming that hire charges are fixed at variable cost plus 20%. What rate should be quoted by the company?

OR

What are the various methods of job time –booking ? State the advantages and disadvantages of each method .

Unit III

3. The Fancy Toys Co. are manufactures of two types of toy, A and B. The manufacturing cost for the year ended 31st March , 2015 were as follows:-

	Rs.
Direct Material	2,00,000
Direct Wages	1,12,000
Production Overheads	48,000
	3,60,000

There was no work - in- progress at the beginning or at the end of the year. It is ascertained that:-

(i) Direct material in type A costs twice as much as direct material in type B.
(ii) The Direct Wages for type B were 60% of those for type A.
(iii) Production Overhead was 30 paisa, the same per toy of A and B types.
(iv) Administration overhead for each grade was 200% of direct labour.
(v) Selling Expenses was 25 paisa per toy for each type of toy.
(vi) Production during the year was :
Type A – 40,000 toys of which 36,000 were sold.
Type B – 1,20,000 toys of which 1,00,000 were sold.
(vii) Selling prices were Rs. 7 per toy for type A and Rs. 5 per toy for type B.

Prepare a statement showing that the total cost per toy for each type of toy and the profit made on each type of toy.

OR

What is meant by Operating Costing ? In which industries is it used ? Prepare a Transport Operating cost sheet with imaginary figures and discuss the various items included in it.

Unit IV

4. A firm of building contractors began to trade on 1st April 2014. The following was the expenditure on a contract for Rs. 3,00,000.

	Rs.
Material issued to contract	51,000
Plant for use at the contract	15,000
Wages incurred	81,000
Other expenses incurred	5,000

Cash received on account upto 31st March, 2015 amounted to Rs. 1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant costing Rs. 3,000 and materials costing Rs. 2,500 were lost at the beginning of the contract. On 31st March 2015 plant which had cost Rs. 2,000 was returned to the store, the cost of work done but uncertified was Rs. 1,000 and materials costing Rs. 2,300 were in hand at site.

Charge 15% depreciation on plant and reserve ½ profit received. Prepare the Contract Account. Work-in-Progress Account and the Contractee's Account. Also show how work in Progress will appear in the balance sheet.

OR

A product passes through three processes, viz., A, B and C and then is transferred to finished stock. The output of process A is transferred to process B at a profit of 25% on transfer price and the output of process B and C is transferred at a profit of 20% each on the transfer price.

The following information was available as on 31st Dec, 2015:

	Process A	Process B	Process C	Finished Stock
	Rs.	Rs.	Rs.	Rs.

Opening Stock	10,000	12,000	8,000	30,000
Materials	20,000	21,000	30,000	-
Wages	15,000	15,000	16,000	-
Overhead	14,000	6,000	40,000	-
Closing Stock	5,000	6,000	4,000	15,000
Inter-Process profit for Opening Stock	-	2,000	2,000	11,000

Stock in the process is valued at prime cost. The finished stock has been valued at the price at which it was received from process C. Sales of the finished stock amounted to Rs. 3,50,000.

You are required to prepare the process accounts and finished stock account showing profit element at each stage. Also prepare the profit and loss Account.

Unit V

5. The following is the standard mix to produce 10 units of a product:
A : 120 Units @ Rs. 15
B : 160 Units @ Rs. 20
C : 200 Units @ Rs. 25
During the month of July,2014 ten mixes were completed but the actual out put obtained was only 90 units. Calculate materials variances if the actual consumption of material was as follows.
A : 1280 Units @ Rs. 20
B : 1920 Units @ Rs. 15
C : 1680 Units @ Rs. 30

OR

A Company produces a single product and sells it at Rs. 200 per unit. The variable cost of the product is Rs. 120 per unit and fixed cost for the year is Rs. 96,000. You are required to Calculate:

(i) P/V Ratio.
(ii) Sales at Break-Even point ..
(iii) Sales units required to earn a target net profit of Rs. 1,20,000.
(iv) Sales in units required to earn a target net profit of Rs. 1,00,000 after income tax, assuming income tax rate to be 50%.
(v) Profit at Sales of 7,00,000.

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Unit I

1 "Costing is the technique and process of ascertainment of cost". State the nature of cost Accounting explaining this statement.

OR

Give rulings of the following and explain them:

a) Bin Card

b) Material Abstract

c) Material Requisition Note

d) Purchase Requisition Note

Unit II

2 If a worker takes 60 hours for which standard times is 75 hours , then what will be his income in Halsey Plan and Rowan Plan ? His hourly wages rate is Rs. 15 and he receives 50% bonus of his time saved under Halsey Plan. He gets Rs. 12 per day for dearness allowance on hourly basis. There are 8 working hours in a day.

OR

What do you understand by allocation of overheads to production departments or cost centres ? How does it differ from apportionment of overhead to such department or cost centres ?

Unit III

3 A Transport company charges Rs. 60 per tonne for a 5 tonne lorry load from A station to B station. The charges for return trip are Rs. 56 per tonne in the month of March, 2010 the truck has made 10 outward journeys with full load out of which 3 tonnes were unloaded twice at C station in the way. It returned without any load once only from C station to A station. The expenses incurred were as under :

Annual fixed charges Rs. 19,200; Annual maintenance charges Rs. 9,600; Monthly running charges Rs. 1,202.

You are required to find out the cost per tonne-km. (Absolute) total profit and also find out ratio of cost per tonne km. to revenue for the month of March, 2010 assuming that no concession is made for delivery at the intermediate stations.

Distance from A station to B station is 210 kms. and from A station to C station is 120 kms. The truck carried a load of 8 tonnes 5 times in the month while returning from B station but was once caught by police and was fined Rs. 1,000.

OR

Differentiate between a cost Sheet and a Production Account. Mention the objects and advantages of preparing a cost sheet.

Unit V

4 A Company manufactures a product which involves two consecutive processes, viz, pressing and polishing for the month of September, 2010:

	Pressing	Polishing
Input in Process (units)	12,00	1,000
Unites completed (units)	1,000	500
In process (units)	200	500
Stage of Completion :		
For Material	100%	100%
For Conversion Cost	60%	50%
Material Cost (Rs.)	96,000	8,800
Conversion Cost (Rs.)	2,87,840	51,975

Prepare a statement of equivalent production and a statement of cost for both the processes. Calculate the selling price per unit to earn a profit of 25% on sales.

OR

Distinguish between job Costing and Contract Costing. Can Contract Costing be applied in a factory? State the special features of Contract Costing.

Unit V

5 Compute the missing data indicated by the question marks from the following information :

Particulars	A	B
Standard Price/ unit	Rs. 12	Rs. 15
Actual Price/ unit	Rs. 15	Rs. 20
Standard Output	50 kg.	?
Actual Input (kgs.)	?	70
Material Price Variance	?	?
Material Usage Variance	?	Rs. 300(A)
Material Cost Variance	?	?

Material Mix Variance of both materials together was Rs. 45 Adverse.

OR

The Following is the per unit cost data of a product for normal output and sales of 5,000 units :

Direct Material	Rs. 8
Direct Labour	Rs. 5
Direct Expenses	Rs. 4 (20% fixed)
Production Overheads:	
Fixed	Rs. 2
Variable	Rs. 3
Selling & Distribution overheads	Rs. 2 (75% Variable)

Actual output during the year 2015 was 4,500 units and sales during the same year was 4,300 units.
Prepare Cost Statement under:

(v) Marginal Costing (b) Direct Costing (c) Absorption Costing (d) Total Costing