

**B.Com. 4th Semester
COST ACCOUNTING**

Paper : BCG-406

Time Allowed—3 Hours]

[Maximum Marks—50

SECTION-A

Note :- Attempt any **TEN** questions from Section A. Answer to each question should be upto 50 words in length. Each question carries 1 mark.

1. Write short notes on the following :

- (i) Cost Centre
- (ii) Sunk Cost
- (iii) Indirect Materials
- (iv) JIT Purchasing
- (v) Gantt's Task and Bonus Plan
- (vi) Fringe benefits
- (vii) Job Cost sheet format
- (viii) Cost Plus contracts
- (ix) Purpose served by Cost Sheet
- (x) Angle of Incidence
- (xi) Standard Cost
- (xii) Performance report.

SECTION-B

Note :- Attempt any **TWO** questions from Section B. Answer to each question should be upto 5 pages in length. Each question carries 10 marks.

2. What are different methods of cost accounting ? Explain their adaptability in different industries.

3. Salora Ltd. are manufacturing tubes for TVs. The following are the details of their operation during 2016 :

Average Monthly market demand	2000 tubes
Ordering Cost	Rs. 100 per order
Inventory Carrying Cost	20% per annum
Cost per tube	Rs. 500
Normal Usage	100 tubes per week
Minimum Usage	50 tubes per week
Maximum Usage	200 tubes per week
Lead time to supply	6-8 weeks

Compute from the above

(i) Economic Order Quantity. If the supplier is willing to supply 1500 units quarterly at a discount of 5%, is it worth accepting ?

(ii) Maximum Level of Stock

(iii) Minimum Level of Stock

(iv) Re-order Level.

4. Describe the main features of activity based costing. Do you agree that activity based costing is more refined system of charging overhead cost to the product than traditional method ? Explain.

5. In a factory works overhead are absorbed @ 60% of labour and office expenses @ 20% of works cost. The total expenditure is as follows :

	Rs.
Material	2,00,000
Labour	1,50,000
Factory Expenses	98,000
Office Expenses	85,000
Total	5,33,000

10% of the output is in the stock and sales total upto 5,10,000. Prepare a cost sheet and a reconciliation statement.

SECTION-C

Note :- Attempt any **TWO** questions from Section C. Answer to each question should be upto 5 pages in length. Each question carries 10 marks.

6. (a) Which industries adopt Job Costing ? Describe the procedure for recording costs under Job Costing.
 (b) What is Unit or Output Costing ? In which industries it is used ?
7. The input to a purifying process was 16,000 kg of basic material purchased @ Rs. 1.20 per kg. Process wages amounted to Rs. 720 and overhead was applied @ 240% of the labour cost. Indirect materials of negligible weight were introduced into the process at a cost of Rs. 336. The actual output from the process weighed 15,000 kg. The normal yield from the process is 92% . Any difference in weight between the input of basic material and output

of purified material (product) is sold @ Re. 0.50 per kg. The process is operated under a licence which provides for payment of royalty @ Re. 0.15 per kg of purified material produced.

Prepare Purifying Process account, Normal Wastage Account, Abnormal Wastage/Yield Account and Royalty Payable account.

8. (a) What is a Master Budget ? How it helps in planning and control ?
- (b) How the standard costs are useful in a manufacturing firm ? What are their limitations ?
9. The following particulars are taken from the records of XYZ Limited engaged in the manufacturing of two products X and Y from a certain material :

	Product X (Per Unit)	Product Y (Per Unit)
Sales	Rs. 2,500	Rs. 5,000
Material Cost (Rs. 50 per kg)	500	1,250
Direct Labour (Rs. 30 per hour)	750	1,500
Variable Overhead	250	500

Comment on profitability of each product when :

- (a) When sales in Value is limited
- (b) Raw material is in short supply
- (c) Production capacity is the limiting factor
- (d) Find the product mix to yield maximum profits if total availability of raw material is 20,000 kg and maximum sales potential of each product is 1,000 units.