

POST-GRADUATE COURSE

Term End Examination — December, 2008

M.Com.
COST ACCOUNTING
PAPER IX

Time — 2 hours

Full marks—50
(Weightage of marks—80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Group – A

Answer any one question : 15×1=15

1. Discuss the objectives of cost accounting. State the differences between cost accounting and financial accounting. 6+9

2.(a) What are the advantages of Activity Based Costing.

(b) A manufacturing company has three production departments and two service departments. The departmental overheads for a month as arrived at after primary distribution are as under :

	Production Deptt.			Service Deptt.	
	P ₁	P ₂	P ₃	A	B
Departmental Overheads	38800	44400	30000	20400	21400

The service departments render services to other departments in the following way :

Service Deptts.	Production Deptt.			Service Deptt.	
	P ₁	P ₂	P ₃	A	B
A	40%	10%	30%	—	20%
B	30%	20%	40%	10%	—

Prepare a statement showing the apportionment of the overheads of the service departments to the production departments on the basis of Simultaneous Equation Method. 5+10

Group – B

Answer any one question : 10×1=10

3. Write short notes on the following :

- (a) Cost centre.
- (b) Relevant cost.
- (c) Standing order numbers.
- (d) Cost sheet. 2½×4

4. The following balances have been extracted from the ledger of B Ltd.

	Dr.	Cr.
01.04.07 :	Rs.	Rs.
Raw materials control A/c	10,000	
W-I-P Control A/c	30,000	
Finished Stock Control A/c	44,000	
Nominal Ledger Control A/c		17,400
Transactions during 2007-08 :		Rs.
Factory overhead allocated to W-I-P		24,000
Finished goods (at cost)		74,000
Raw materials purchased		45,000
Direct wages allocated to W-I-P		37,000

(3)

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Cost of sales	84,000
Raw materials issued to production	35,000
Raw materials credited by suppliers	2,000
Losses of raw materials (normal loss)	3,000
Finished goods return from customer	6,000
W-I-P rejected (with no scrap value)	4,000

Prepare necessary ledger accounts in the cost ledger.

10

Group - C

Answer **any one** question : 15×1=15

5.(a) Why is reconciliation of cost and financial accounts necessary?

✓(b) Distinguish between Job Costing and Process Costing.
7+8

6. Product P passes through two processes before it is completed and transferred. The following data are made available for the month of July 2008 :

Particulars	Process	Process	Finished Stock Rs.
	I Rs.	II Rs.	
Opening stock	10,000	16,000	44,000
Direct materials	52,000	41,000	
Direct wages	28,000	28,000	
Factory overhead	24,000	16,000	
Closing stock	7,000	11,000	25,000
Inter-process profit included in Opening Stock	—	2,400	15,000
Profit on transfer (% on transfer price)	20%	10%	—

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(4)

Process stocks are valued at Prime cost while finished stocks are valued at the price at which these are received from Process II. Sales during the period are Rs. 3,35,388. You are required to :

- Prepare process accounts and finished stock account showing profits at each stage,
- Compute realised profit, and
- Compute stock values for balance sheet purpose. 15

Group - D

Answer **any one** question : 10×1=10

✓7.(a) What do you mean by the term Service Costing?

✓(b) From the following data calculate the cost per km. of a vehicle :

Value of Vehicle	Rs. 1,50,000
Road licence fee per year	Rs. 5,000 ✓
Insurance charges per year	Rs. 10,000 ✓
Garage rent per year	Rs. 60,000 ✓
Driver's wages per month	Rs. 2,500 ✓
Cost of petrol per litre	Rs. 50 ✓
Consumption per litre	8 Km.
Maintenance charges per Km.	Rs. 20
Estimated life	1,50,000 Kms.
Estimated annual Kilometres	6,000
	2+8

8. From the following data, calculate :

- Break-even point expressed in amount of sales in rupees.
- No. of units that must be sold to earn a profit of Rs. 60,000 per year.
- How many units must be sold to earn a net income of 10% of sales ?

Sales price	Rs. 20 per unit
Variable cost	Rs. 14 per unit
Fixed cost	Rs. 7,92,000 per year

10