

B/JI/08
PG CO-IX

POST-GRADUATE COURSE

Term End Examination — December, 2009

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.a) Define the term Cost Accounting.
b) Discuss in brief three different techniques of costing. 3+12
2. Mrs. Krishna furnishes the following data relating to the manufacture of X standard product during the month April, 2009 :
- | | |
|--------------------------------|-------------------|
| Opening Stock of Raw materials | Rs. 10,000 |
| Raw materials consumed | Rs. 15,000 |
| Closing Stock of Raw materials | Rs. 15,000 |
| Machine hours worked | 2000 hours |
| Machine hour rate | Rs. 5 |
| Administrative overheads | 20% on works cost |

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Units produced	19,000
Units sold	18,200
Selling overhead Rs. 4 per unit sale price per unit	
Rs. 12. You are required to prepare a cost sheet from the above.	15

Group – B

- Answer **any one** question : 10×1=10
3. (a) Cost Unit.
(b) Machine Hour Rate Method.
(c) Job costing.
(d) Contract costing. 2½×4
4. a) Define the term Joint Product.
b) Two products – X and Y are produced jointly. Joint cost are : Direct Materials Rs. 40000, Direct labour Rs. 12000, Variable overhead Rs. 8000, Fixed overhead Rs. 21000.

Production and sale data are given below :

Products	Production	Selling Price
	Kgs.	Rs.
X	1000	100
Y	400	70
Z	600	120

Apportion joint costs on the basis of contribution and compute profits for each product. 2+8

Group – C

- Answer **any one** question : 15×1=15
- 5.a) What is operating cost ?
b) Define Inter-process profit. What are the advantages and disadvantages of Inter-process profit ? 2+4+9

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6. The costs of a manufacturing company for a year are as under :

	Rs.
Direct material	65,000
Direct wages	35,000
Production overheads 100% of direct wages	
Selling & distribution overhead	25,000
Sales during the year are :	Rs.
Joints products : A	90,000
B	65,000
By-products : X (2500 units)	15,000
Y (1000 units)	20,000

There is scope for further processing the by-products, which involves combining X and Y in the ratio 10 : 1 to yield a new product Z with a sale value of Rs. 60 per unit. The following additional costs are to be incurred :

Per unit of Z

Direct material	Rs. 5
Direct wages	Rs. 2

A new plant costing Rs. 20,000, installation cost Rs. 2,500 is to be installed. It will have a scrap value of Rs. 1,500 at the end of its useful life of 10 years. Will you recommend further processing ? 15

Group - D

Answer **any one** question : 10×1=10

7. X Ltd undertook a contract for Rs. 20,00,000 on 1.5.08. The following particulars about the costs and progress of contract at the end of the year on 31st

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(4)

March, 2009 were available

	Rs.		Rs.
Materials	7,40,000	Head office exp.	1,20,000
Direct wages	2,40,000	Materials (31.3.09)	20,000
Wages outstanding	6,000	Value of plant (31.3.09)	7,60,000
Site Expenses	1,60,000	Work certified	1,60,000
Plant purchased	10,20,000	Work uncertified	1,38,000
Cash received (80%)	Rs. 12,80,000		

The contract contained the following escalation clause :
 "In the event of increase in the price of raw materials by more than 15% and the rate of wages by more than 10%, the contract price would be increased accordingly by 40% of such increase in cost of materials and rate of wages beyond the respective percentages."

It was found that since signing the agreement both the material prices and the rates of wages increased by 20%. The value of work certified did not take the escalation clause into account. 10

8. Following figures are available from the records of Bhadra & Co. Ltd. as on 31st March —

	2008	2009
Sales	Rs. 4,00,000	Rs. 5,00,000
Profit	Rs. 80,000	Rs. 1,20,000

Calculate :

- i) P/V ratio and Fixed cost.
- ii) Break-even sales.
- iii) Required sales for a profit of Rs. 2,00,000
- iv) Profit or loss if sales were Rs. 6,00,000. 10