(Please write your Exam Roll No.) Exam Roll No. ....

END TERM EXAMINATION

SECOND SEMESTER [BBA/(B&I)(TTM)MOM] MAY-2010

Paper Code: BBA/ (B&I)/(TTM) 110 **Subject: Cost Accounting**
Paper ID: 17/18/50110
Time : 3 Hours **Maximum Marks : 75**

Note: Answer any five questions. All questions carry equal marks. Simple calculator is allowed.

Ques. 1(a) Define the term "Cost" and "Cost Accounting". Explain the objectives of Cost Accounting.

(b) Distinguish between job costing and process costing.

(8+7)

Ques. 2(a) What is re-order level? What are the factors affecting re-order level?

(b) The following transactions took place in respect of a material item:

	Receipt quantity	Rate	Issue quantity
March 2	200 units	2.00	
March 10	300 units	2.40	
March 15			250 units
March 18	250 units	2.60	
March 20			200 units

Prepare a store ledger sheet using:

(i) LIFO method

(ii) Weighted average method.

(7+8)

Ques. 3(a) Differentiate between :

(i) Cost apportionment and Cost absorption.

(ii) Actual and Pre-determined overhead rate of absorption.

(b) X Ltd. Has received an enquiry for the supply of 1000 Premium shirts.

The costs are estimated as under :

(a)	Raw Materials	2,500 Mtrs @	Rs. 40 per meter
(b)	Direct Wages	10,000 Hrs @	Rs. 4 per meter
(c)	Variable Overheads;	Factory	Rs. 2.40 per labour hour
(d)	Selling and Distribution		Rs. 16,000
(e)	Fixed Overheads:	Factory	Rs. 6,000
(f)		Selling and Distribution	Rs. 14,000

Prepare a Cost Sheet showing the price to be quoted per shirt which results in a profit of 20% on selling price. **(6+9)**

Ques. 4 A company has three Production Departments A, B, C and two Service departments X and Y. The following information is available regarding various expenses:

Power	Rs. 2,400	Depreciation	Rs. 20,000
Rent	Rs. 4,200	Personal Department	Rs. 4,000
Canteen	Rs 3,000	Maintenance of assets	Rs. 2,400
Insurance	Rs. 2,200		

The following additional information is also given:

Item	Production Department			Service Department	
	A	B	C	X	Y
Area (sq. meters)	400	400	300	200	100
Kilowatt hours	2,000	2,200	800	750	250
Numbers of workers	90	120	30	40	20
Capital value of assets (in '000)	Rs.50	Rs. 60	Rs. 40	Rs.30	Rs.20
Direct material cost	Rs.5,000	Rs.3,000	Rs.2,000	Rs. 1000	Rs. 1,000

The expenses of department X and Y will be apportioned among production departments in the ratio of 5 : 3 : 2 and 20%, 30%, and 50% respectively. Calculate overhead absorption rates of production department A, B and C as percentage of direct material cost **(15)**

P.T.O.

Ques. 5(a) The output of Process X was 5,000 units. Normal loss allowed was 10% of input. Abnormal loss was 400 units. The following further information is avalable:

Material	@ Rs. 5 per unit
Labour	Rs. 8,000
Overheads	Rs. 6,700
Wastage realized	Rs. 2.50 per unit

Prepare Process X account and Abnormal Loss account.

(b) The following was the expenditure on the contract for Rs. 6,00,000. Work commenced on 1st January, 2009:

Materials	Rs. 1,30,000
Wages	Rs. 1,44,000
Plant	Rs. 20,000
Other expenses	Rs. 18,600

Cash received on account was Rs. 2,40,000, being 80% of work certified. Value of materials on hand at 31st December, 2009 was Rs. 10,000. Plant is to be depreciated @ 10%. Prepare the Contract Account for 2009, showing the profit to be credited to Profit and Loss Account.

(7+8)

Ques. 6 Union transport Company supplies the following details in respect of a truck of 5 tonnes capacity:

Cost of truck	Rs. 90,000
Estimated life	10 years
Diesel, oil	Rs. 15 per trip each way
Repairs and maintenance	Rs. 500 per month
Cleaner's wages	Rs. 250 per month
Driver's wages	Rs 500 per month
Insurance	Rs. 4,800 per year
Tax	Rs. 2,400 per year
General supervision charges	Rs. 4, 800 per year

The truck carries goods to and from city covering a distance of 50 miles each way. While going to the city, freight is available to the extent of full capacity and on return 20% of capacity.

Assuming that the truck runs on an average 25 days a month,

Find out operating cost per tonne mile.

(15)

Ques. 7(a) A company earned a profit of Rs. 30,000 during the year 2009-10. If the marginal cost and selling price of a product are Rs. 8 and Rs.10 per unit respectively, find out the amount of margin of safety.

(b) If margin of safety is Rs. 2,40,000 (40% of sales) and P/V ratio is 30% of XY Ltd., calculate:

(i) Break-even Point,

(ii) Amount of profit on sales of Rs. 9,00,000

(7+8)

Ques. 8 (a) Explain the reasons for difference between profit shown by financial and cost accounts.

(b) A company purchases 20,000 components per annum from an outside supplier at Rs. 5 each. The management feels that these be manufactured and not purchased. A machine costing Rs. 50,000 will be required to manufacture the item within the factory. The machine has an annual capacity of 30,000 units and life of 5 years.

The following additional information is available:

Material cost per unit will be Rs. 2

Labour cost Re. 1

Variable overhead 100% of labour cost

Give your advice to the company whether:

(i) The company should continue to purchase the units from outside supplier or should make them in the factory and

(ii) The company should accept an order to supply 5,000 units to the market at a selling price of Rs. 4.50 per unit.

(6+9)

****