



**B.Com. VI Semester Degree Examination, May - 2018**

**COST ACCOUNTS**

**Cost Accounting - II**

**Paper - 6.7**

**(Old)**

Time : 3 Hours

Maximum Marks : 80

**Section - A**

Answer any **Ten** of the following questions.

**(10×2=20)**

1. Mention any two methods of costing.
2. What is cost unit.
3. What is Retention money.
4. What is standard costing.
5. Define Marginal cost.
6. What is contribution.
7. Define Budgetary control.
8. What is meant by material cost variance.
9. What is Activity Based Costing.
10. What is Kaizen costing.
11. What are cost plus contracts.
12. What is meant by Labour Rate variance.

**Section - B**

Answer any **Three** of the following :

**(3×5=15)**

13. A company produces a standard product from the following data, prepare a statement of cost and profit

Raw materials used - Rs. 45,000

Direct wages - Rs. 27,000

Machine Hours worked - 900 hours

**[P.T.O]**



Machine Hours Rate - Rs. 15 p/h

Office overheads -20% on works cost

Selling overheads - Rs. 2 per unit

Units produced - 15,000 units

Units sold - 14000 units at Rs. 15 per unit

14. Hanuman Transport company runs the following Buses in the mysore city limits for 30 days in a month.

10 Buses of 45 passengers

15 Buses of 40 passengers on an average, each bus makes 10 trips a day covering a distance of 8 kms in each trip with 80% of seats occupied. Generally 5 buses are kept away from the load for repairs. Calculate total passenger kilometers.

15. Explain the process involved in Activity Based Costing.

16. The following figures are obtained from the books of Raj Ltd

Year	Sales (In units)	Profit/Loss (Rs.)
2012	8000	10000 Loss
2013	12000	10000 Profit

The selling price per unit is assumed to be Rs. 20.

Calculate :

- i) P/V Ratio;
- ii) Fixed Cost.

17. Prepare a cash budget from the following particulars for June and July.

Month	Sales	Purchases	Expenses
April	20000	10000	2000
May	40000	12000	3000
June	60000	6000	1000
July	40000	8000	4000

Additional Information :

- a) All sales are cash sales.
- b) All purchases are credit and one month credit is allowed.
- c) Expense are paid after one month.



- d) Opening balance of cash on 1 June is Rs. 10000.

**Section - C**

Answer any **three** of the following Questions :

(3×15=45)

**18. Compute**

- a) Labour cost variance.
- b) Labour Rate Variance and
- c) Labour Efficiency Variance from the following.

Standard Time	: 3 hours per unit
Standard Rate of wages	: Rs. 12 per hour
Actual production	: 1400 units
Actual time taken	: 4000 hours
Actual wages	: Rs. 56,000.

**19. The expenses budget for production of 10,000 units are given below**

	Per unit (Rs.)
Materials	70
Labour	25
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Administrative Expenses (Rs. 50,000)	5
Selling Expenses (10% Fixed)	12
Distribution Expenses (20% Fixed)	8
	Rs. 150

Prepare a flexible budget for production of 6,000 and 8,000 units. Administrative expenses are fixed for all levels.

**20. From the following particulars, calculate**

- a) P/V Ratio
- b) B.E.P
- c) Sales required to each a profit of Rs. 1,50,000;
- d) Profits when sales are Rs. 10,00,000 and
- e) Margin of safety available if the company is earning a profit of Rs. 2,00,000. Fixed

**[P.T.O]**



cost - Rs. 150000. Profit - Rs. 100000 and Sales - Rs. 5,00,000.

21. Kumar produces a certain commodity in two processes - X and Y. Prepare process X and Process Y account from the following

Materials : X - 2200 Tons at Rs. 120 each Y - 33% output of X used

Wages : X - Rs. 4 per ton Manufactured Y - Rs. 6 per ton manufactured

Manufacturing Expenses : X - Rs. 10,000, Y - Rs. 8,000

Normally 10% of output is lost in both the processes due to evaporation.

Other overheads charges were X - Rs. 6 per ton Manufactured, Y - Rs. 4 per ton Manufactured.

Sales during the year were : X - 1200 tons at Rs. 200 per ton, Y - 400 tons at Rs. 250 per ton.

22. The following balances were extracted from the books of a building contract on 31st March 2009, regarding contract, No. 123

Materials issued to site Rs 62,720

Wages paid - Rs. 73,455; Wages Outstanding on 31/3/2009 - Rs. 720; plant issued to site - Rs. 6,000; Direct charges - Rs. 2,515; Direct charges outstanding - Rs. 210; Establishment charges - Rs. 5,650; Stock of material on 31/3/2009 - Rs. 1200; Value of work certified on 31/3/09 - Rs. 1,65,000, work uncertified - Rs. 3,500; Cash received on architects certificate - Rs. 1,41,075;

The work on the contract started on 1st April, 2008 and the contract price was - Rs. 2,45,000. Prepare contract account and also the contracts Balance sheet, so far as it relates to the contract.

