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Register Number:

7241

Name of the Candidate:

DIPLOMA EXAMINATION, 2010

(ACCOUNTING AND FINANCE)

(PAPER-II)

120. COST ACCOUNTING

Dec]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions

(5×20=100)

1. Define Cost accounting and distinguish it from Management Accounting.
2. What is meant by Inventory control? Explain the techniques of perpetual inventory control system.
3. What is idle time? Explain the sources and causes in detail? Also explain how it is treated in cost accounts.
4. What is meant by process loss? Explain the types, their causes and how they are treated in cost accounts.
5. What is meant by overhead? Explain the different classifications of overhead costs.
6. Two components A and B are used as follows:
Normal usage 300 units per week each
Maximum usage 450 units per week each
Minimum usage 150 units per week each
Re-order Qty A=2400 units B=3600 units
Re-order period A=4 to 6 weeks, B = 2 to 4 weeks
Calculate for each component (a) Re-order level (b) Minimum level (c) Maximum level (d) Average stock level

7. Calculate the normal and over-time wages payable to a work man from the following data:

Days	Hours Worked
Monday	8 hrs
Tuesday	10 hrs
Wednesday	10 hrs
Thursday	11 hrs
Friday	9 hrs
Saturday	4 hrs
	<u>52 hrs</u>

Normal working hours = 8 hrs per day

Normal rate =Rs.2/hr

Overtime rate =upto 9 hrs a day at single rate and over 9 hours a day at double rate (or) up to 48 hours in a week at single rate and over 48 hrs at double rate.

Find out, whichever is beneficial to the workman.

8. Compute the Machine hour rate from the information given below. Cost of the Machine Rs.1,00,000/- Working life is 10 years. Working hours 2000 hrs per year. Repair charges 50% of depreciation. Power consumed 10 units per hour at 10 paise per unit. Lubricants at Rs.2/- per day of 8 hours. Wages of operator at Rs.100 per day.

9. A firm of Building Contractors began to trade on 1.4.2008, the following was the expenditure on a contract for Rs.45 lakhs.

Materials used to the contract	Rs. 7,65,000/-
Plant used for contract	Rs. 2,25,000/-
Wages	Rs.12,15,000/-
Other expenses	Rs. 75,000/-

Cash received on account to 31.3.2009 amounted to Rs.19,20,000/- being 80% of work certified. Of the plant and materials charged to the contract plant costing Rs.45,000/- and materials costing Rs.37,500/- were lost. On 31.3.2009 plant costing Rs.30,000/- was returned to stores. The cost of work done but uncertified was Rs.15,000/- and Materials costing Rs.3,4500/- were in hand. Charge 15% depreciation on plant. Reserve 1/3rd profits earned and prepare contract a/c from the above particulars.

10. The product of a manufacturing company passes through two processes A and B and then to finished goods. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process A and B realizes Rs.80/- per ton and Rs.200/- per ton respectively. The following are the details.

	Process A	Process B
Materials in tons	1000	70
Cost per ton	1250	2000
Wages	Rs.2,80,000	Rs.1,00,000
Manufacturing expenses	Rs.80,000	Rs.52,500
Output in tons	830	780

Prepare processes A/c s of each process.
