COST ACCOUNTING : 2007

(New Course - 109)

UNIT - 1

1. Define cost accounting and discuss its scope & advantages.

OR

Discuss how cost accounting can aid to managerial decision making.

UNIT - 2

2. The following particulars relate to the production of 5000 units of a standard product by a manufacturer in the month of January, 2007 :

	Rs.
Opening stock of raw materials	35,000
Purchases of raw materials	65,000
Direct labour cost	40,000
Manufacturing expenses	25,000
Office expenses	20,000
Selling and distribution overhead : 10% of cost of production	
Opening stock of work - in process	18,000
Closing stock of work- in process	22,000

At what price should the manufacturer sell the products to earn profit of 25% on sales ?

OR

Write notes on the following :

(i) Functional classification of cost

(ii) Direct vs Indirect cost

UNIT - 3

3. Describe the various methods of pricing issues of materials. Illustrate your answer with examples.

OR

Write notes on the following :

(i) Labour turnover (ii) Absorption of overhead

UNIT - 4

4. How will you determine protits from incomplete contracts? Explain with suitable examples.

OR

The product of a company passes through two distinct processes A and B to completion. Past experience shows that 2% of the total weight put in is normally lost in process A. The normal loss in process B has been estimated at 5% During a certain month 20000 units of a standard raw materials were introduced to process A at a cost of Rs. 50,000 Other details relating to the processes are as follows :

	Process A (Rs.)	Process B (Rs.)
Materials	10,000	15,000
Manufacturing Wages	30,000	20,000
Manufacturing expenses	20,000	30,000
Output (unit)	19,200	18,200
Opening stock of output (units)	800	600
Closing stock of output (units)	1,000	800
Value of Opening stock (Rs per unit)	10	14
Value of closing stock (Rs. per unit)	15	20

Prepare process accounts showing calculation to the nearest rupee wherever required.

http://prsuonline.com

UNIT - 5

5. Explain the signficance of standard costing as a technique of cost control.

OR

The following particulars are available in relation to a manufacturing company for the month of January, 2007 :

	Rs.
Fixed expenses	
Salaries	8,00,000
Office expenses	4,00,000
Semi-fixed expenses (at 50% capacity)	
Repairs and maintance	2,00,000
Indirect labour	1,00,000
Variable expenses (at 50% capacity)	
Materials	18,00,000
Labour	12,00,000
Other expenses	5,00,000

http://prsuonline.com

Assuming that fixed expenses remain constant for all levels of production, semi fixed expenscs remain constant between 45% to 65% increases by 10% between 65% to 80% capacity and by 20% between 8% to 100% capacity.

Find out the profits for the company given the estimated sales of Rs. 1,20,00,000 and Rs. 1,40,000 at 80% and 90% capacity respectively.