

COST ACCOUNTING : 2011

(Old and New Course - 109)

1. Discuss the nature of cost accounting. Explain the features of an ideal cost accounting system.
2. "A good system of costing serves as a means of control over expenditure and helps to secure economy in manufacture." Discuss.
3. The following information is supplied to you in respect of an item of stores :
Reorder Quantity = 1,440 unit
Reorder Period = 6 to 10 weeks
Maximum consumption = 360 units per week
Minimum consumption = 120 unit per week
You are required to ascertain :
(i) Reorder Level (ii) Minimum Stock Level
(iii) Maximum Stock Level (iv) Average Stock Level
4. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is Rs. 81. The expected time to produce one unit is 15 minutes which is raised further by 20 % under the incentives scheme. What will be the earnings per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes ?
5. How would you treat waste, scrap, defective, and spoilage in accounting for materials ? Explain.
6. With the following figures, compute a machine hour rate for machine A for a four - week period. The machine is expected to be working 100 hours :

	Rs.
Rent and Rates	150
Lighting	20
Depreciation	200
Indirect wages	200
Power	60
Sundries	150
Canteen Expenses	10
Repairs, etc.	40
	<u>830</u>

	A	B	C
Space occupied	100 sq. ft.	200 sq.ft	300 sq. ft
Light	1	3	6
Cost of machine	Rs.25,000	Rs. 15,000	Rs.10,000
Workers	10	20	20
Power	Rs.25	Rs.15	Rs.20
Direct wages	Rs.200	Rs. 300	Rs.500

7. Component 'Pee' is made entirely in cost centre 100. Material cost is 6 paise per component and each component takes 10 minutes to produce. The machine operator is paid 72 paise per hour, and the machine hour rate is Rs. 1.50. The setting up of the machine to produce the component 'Pee' takes 2 hours 20 minutes.

on the basis of this information, Prepare a cost sheet showing the production and setting up cost both in total and per component, assuming that a batch of :

- (a) 10 components (b) 100 compents (c) 1000 componets is produced.
8. What is contract costing ? Explain its importance
9. What do you understand by budgetary control ? Explain its importance and limitations.
10. The following standards have been set to manufacture a product : <http://prsuonline.com>

	Rs.
Direct Materials :	
2 units of A at Rs. 4 per unit	8.00
3 units of B at Rs.3 per unit	9.00
15 units of C at Re. 1 per unit	15.00
	<u>32.00</u>
Direct labour 3 hrs. @ Rs. 8 per hour	24.00
Total standard Prime Cost	<u>56.00</u>

The company manufactured and sold 6,000 units of the product during the year, Direct Material Costs were as ahead :

12,500 units of A at Rs. 4.40 per unit
18,000 units of B at Rs. 2.80 per unit
88,500 units of C at Rs. 1.20 per unit

The company worked 17,500 direct labour hours during the year. For 2,500 of these hours the company paid at Rs.12 per hour while for the remaining the wages were paid at the standard rate. Calculate materials price and usage variance and labour rate and efficiency variances.