TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF COMMERCE (B.COM.) (NEW)
MAY – 2012 EXAMINATION
THIRD YEAR
Sub: Cost & Works Accounting - II (C-315)

Date: 19/5/2012 Total marks: 80 Time: 10.00 am to 1.00 pm

Instructions:
1) Figures to the right indicate full marks.
2) All questions are compulsory.

Q.1  a) Fill in the blanks by choosing the correct alternative. (Any five) (05)
1) Warehouse expenses is an example of--------overheads.(Distribution, factory, office)
2) Generally, in service costing mostly the costs are------in nature(fixed, variable, semi-variable)
3) When job is undertaken at a profit of 20% on invoice price of a job it is equal to-----of its cost price. (30%, 25%, 20%)
4) Notional rent of factory premises is to be charged as-------(office, factory, selling & distribution)
5) A production order is prepare by------department.(Purchase, Production control, sales)
6) If the profits are 50% of operating cost, it is--------of invoice price. (33 1/3%, 50%, 55%)

b) State whether the following statements are true or false. (Any Five) (05)
1) Abnormal Overheads are charged to Production Account.
2) Variable overhead is a period cost
3) Contract costing is also known as Terminal Costing.
4) All by-product have significant value
5) In transport costing, generally the running costs are variable in nature.
6) Marginal costs are fixed in total.

Q.2 Define the term ‘overheads’. Explain the importance of overheads classification according to Behavior. (15)

OR

Write short notes (any three)
1) Difference between fixed and variable overheads.
2) Job costing and Process costing
3) Primary distribution of overheads
4) Blanket overheads Rate

Q.3 What is Service Costing? Explain the important features of Service Costing. (15)

OR

Define the term Overhead Absorption? State the different methods of Overheads Absorption.

Q.4 Sonam Constructions Pvt Ltd., Chennai undertook a contract for construction of a library buildings. The following is the information relating to the contract during the year 2010-2011. (15)

Material sent to site 1,00,000
Materials purchased and issued 70,698
Materials returned to stores 1,098
Materials at site on 31-3-2011  3,766
Labour engaged on site  1,40,000
Wages accrued and due but not paid  8,750
Engineer’s Fees  6,334
Direct Expenses Payable  580
General Overheads  8,252
Overheads Outstanding  9,250
Plant installed at site at cost  41,500
Errection charges on site for Plant  1,250
Scrap value of plant after its life of five years  2,750
Work Certified  3,90,000
Cost of Work not certified  9,000
Cash received from Contractee  3,60,000

Prepare Contract Account and Contractee’s Account.

Q.5 A Product passed through two distinct processes A and B and thereafter, it is transferred to finished stock. The output of A passes to B and that of B to finished product. From the following information, you are required to prepare process accounts.

<table>
<thead>
<tr>
<th>Process “A”</th>
<th>Process “B”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Consumed</td>
<td>Material Consumed</td>
</tr>
<tr>
<td>Direct Labour</td>
<td>Direct Labour</td>
</tr>
<tr>
<td>Manufacturing Expenses</td>
<td>Manufacturing Expenses</td>
</tr>
<tr>
<td>Input in Process “A” (Units)</td>
<td>Input in Process “B” (Units)</td>
</tr>
<tr>
<td>Output (units)</td>
<td>Output (Units)</td>
</tr>
<tr>
<td>Normal wastage percentage of input</td>
<td>Normal wastage percentage of input</td>
</tr>
</tbody>
</table>

Q.6 Compute the Machine Hour Rate for the machine ‘Fowerluba’ (10)

Cost of the machine Rs. 52,500
Machine Fixation Charges Rs. 2,000
Octroi Duty on import of machine Rs. 3,500
Estimated Scrap Value at the end of the 10th year Rs. 5,500
Estimated Working Life of the machine per annum Hrs. 3,000
Rent, Rates and Taxes for the department Rs. 28,500 p.a.
Monthly Insurance Charges for the machine Rs. 75
Electric Lighting Rs. 8,000 p.a.
Consumable Stores Rs. 50 per month
Cotton Waste, Oil etc. Rs. 100 per quarter
Supervisor’s Salaries Rs. 8,000 p.a.
Power-13 units per hour @ Rs. 5 per 100 units
Repairs and Maintenance for the entire life of the machine Rs. 18,000

Fowerluba occupies 1/3rd space of the total area of the shop. Out of the total number of light points in the shop 20, only 4 points are used by this machine. The supervisor devotes 1/4th of his time on this machine.