PAPER ID-310241

Roll No: | | | | | | | | | | | | | |

MBA
(SEM V) THEORY EXAMINATION 2020-21
COST ACCOUNTING

Time: 3 Hours ***Total Marks: 70***

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief. 2 x 7 = 14

a. Define investment centre.
b. What are the Advance Pricing Agreements (APA's)?
c. What is Re-order level?
d. What is meant by perpetual inventory system?
e. What is cost-plus contract.
f. Discuss the various types of standards to be applied in standard costing.
g. From the following information find out the Economic Order Quantity :

Annual consumption	12,000 units (360 days)
Cost per unit	Re.1
Ordering cost	Rs. 12 per order
Inventory carrying charge	24%
Normal lead time	15 days
Safety stock	30 days consumption

SECTION B

2. Attempt any *three* of the following: 7 x 3 = 21

a. What is a cost sheet? Explain the purpose served by it.
b. Define cost accounting. State and explain the main difference between cost accounting and financial accounting.
c. Two components X and Y are used as follows :

Normal usage	- 600 units per week each			
Maximum usage	- 900 units per week each			
Minimum usage	- 300 units per week each			
Re-order quantity	- X	4,800 units,	Y	7,200 units
Re-order period	- X	4 to 6 weeks,	Y	2 to 4 weeks

Calculate for each components :
   a) Re-order level
   b) Maximum level
   c) Minimum level
   d) Average stock level

Orkay Co. uses two types of material X and Y for production of K product. The following information is given to you:

d. Process cost accounts? Explain the effect of each of the them on the cost of an article.
e. Discuss the concept of responsibility accounting. Also enlist the key requirement for implanting responsible accounting system.

SECTION C

3. Attempt any *one* part of the following: 7 x 1 = 7

(a) Explain briefly unit or output costing. In what industries is it used?
(b) Explain the concept of Target Costing. What steps are to be included in Target Costing.

4. Attempt any *one* part of the following: 7 x 1 = 7

(a) What do you understand by reconciliation of cost and financial accounts? Examine the reason for the difference between cost and financial accounts maintained by an organization.

(b) Write a note on job costing and the industries which adopt job costing.

5. Attempt any *one* part of the following: 7 x 1 = 7

(a) Under what circumstances do you advocate the method of valuing material requisitions by the use of standard prices? When this method is not accepted, Suggest the method you would use of to measure the results of material consumption.

(b) Define normal and abnormal process losses explaining the possible causes. How are these dealt with in cost accounts?

6. Attempt any *one* part of the following: 7 x 1 = 7

(a) Distinguish between job costing and contract costing. State the features of contract costing.

(b) A unit of the product standard material to be consumed is 10 at the rate of Rs. 5.00 per Kg. On completion of production the following information are available:

Actual production =500 units; Material used = 5400 Kgs.; Price of Material = Rs. 4.80 per Kg.

From these information you are required to calculate:

(1) Material Cost Variance
(2) Material Usage Variance
(3) Material Price Variance.

7. Attempt any *one* part of the following: 7 x 1 = 7

(a) Give a detailed note on setting of standards for the elements of cost.

(b) The following information relates to the manufacture of a product during the month of Jan. 2003:

Raw materials consumed	Rs. 20,000
Direct wages	Rs. 12,000
Machine hours worked 1,000 hours	
Machine hour rate	Rs. 2 per hour
Office overhead	20%on works cost
Selling overhead	Re.0.40 per unit
Units produced 20,000 units	
Units sold at Rs. 3 each; 18,000 units	

Prepare a Cost Sheet and show (a) Prime Cost (b) Work Cost (c) Cost of Production (d) Cost of Goods Sold (e) Cost of Sales (f) Profit