

- (a) Overheads as per cost accounts were estimated at Rs.8,500. The charge for the year shown by the financial accounts was Rs. 7,000.
- (b) Director's fees shown in the financial accounts only for Rs. 2,000.
- (c) The company allowed Rs. 5,000 as provision for doubtful debts.
- (d) Work was commenced during the year on a new factory and expenditure of Rs.30,000 was made. Depreciation at 5 percent p.a. was provided for in the financial accounts for 6 months.
- (e) Share - transfer fees received during the year were Rs.1,000.
- (f) Provision for income - tax was Rs.15,000.

From the above, prepare a statement reconciling the figures shown by the cost and financial accounts.

8. (a) Sales of S. Chand and Co., were Rs. 30,000 producing a profit of Rs. 800 in a week. In the next week, sales amounted to Rs. 38,000 producing profit of Rs.2,400. Find out the break even point.

Register Number :

Name of the Candidate :

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B.Com. DEGREE EXAMINATION, 2008

(THIRD YEAR)

(PART - IV)

(PAPER - VIII)

360. COST ACCOUNTS - PAPER II

(Optional - II)

(Including Lateral Entry)

December]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. Define the objects of cost sheets. Give an example of a cost sheet indicating clearly the headings and the important items supplying imaginary figures.

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2. Explain briefly the reasons why it is necessary for the cost and financial accounts of an organisation to be reconciled.
3. Define marginal costing. How does marginal costing differ from total cost ?
4. What is a cash Budget ? What are its advantages ? How is it prepared ?
5. Define standard costing. Distinguish between Budgetary control and standard costing.
6. From the undermentioned particulars appearing in the books of the Delhi Bricks works, you are required to prepare a monthly cost sheet of bricks made in January, 1999 showing cost and profit per 1,000 bricks :

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Materials	Overheads
Coal	Rs. 31,500 Works 25% on Prime Cost
Royalty	Rs. 5,500 Office 10% on Works Cost
Stores	Rs. 15,000
Labour :	
Brick - making	Rs. 50,000
Indirect	Rs. 15,000
Production per month	74,00,000 Bricks
Sales per month	70,00,000 Bricks @ Rs. 27.50 per 1,000
Stock 1st Jan., 1999	2,00,000 Bricks
Stock 31st Jan., 1999	6,00,000 Bricks

You have to assume that opening stock was valued at the same rate per thousand bricks as the production for Jan. 1999. Calculations may be made to the nearest paise.

7. Profit disclosed by a company's cost accounts for the year was Rs.50,000 whereas the net profit as disclosed by the financial accounts was Rs. 29,750. Following information is available :

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10. The cost of an article at a capacity level of 5,000 units is given under A below. For a variation of 20% in capacity above or below this level, the individuals vary as indicated under B below :

	A Rs.	B Rs.
Material cost	25,000	(100 % varying)
Labour cost	15,000	(100 % varying)
Power	1,250	(80 % varying)
Repairs and Maintenance	2,000	(75 % varying)
Stores	1,000	(100 % varying)
Inspection	500	(20 % varying)
Depreciation	10,000	(100 % varying)
Administration Overheads	5,000	(25 % varying)
Selling Overheads	3,000	(25 % varying)
	<u>62,750</u>	

Cost per unit Rs. 12.55.

Find the unit cost of the product at production levels of 4,000 units and 6,000 units.

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- (b) What would be the volume of sales to derive a profit of Rs. 20,000 if the P/V ratio is 68 % and fixed overheads for the period Rs.40,000.
- (c) A company has two projects to choose from Project - A breaks - even at Rs. 3,20,000 and Project - B breaks - even at Rs.5,00,000. Which project is better to choose ? What could the difference be due to ?
9. In a factory section, there are 80 workers and the average rate of wages per worker is Re. 0.50 per hour. Standard working hours per week are 45 and the standard performance is 6 units per hour.

During the four weeks in February, wages paid for 40 workers was Re.0.50 per hour, for 15 workers Re. 0.60 per hour, and 25 workers Re. 0.40 per hour. The section did not work for 4 hours due to break down of machinery.

Work out the labour rate variance for the section for 4 weeks.

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