

FOUNDATION COURSE - COST ACCOUNTING

Duration: 2 Hrs.

Max Marks: 80

Instructions:

1) Q1 is compulsory

2) Answer any three Questions from Q2 to Q 6

1. From the following information, prepare a Statement of Cost showing the Prime Cost, Works Cost, Cost of Production, Total Cost and Profit:

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	1-1-2014 (Rs.)	31-12-2014 (Rs)
Stock of Raw Materials	6,000	15,000
Work in Progress	40,000	50,000
Finished Goods	15,000	10,000
	Rs.	Rs.
Raw Material purchased	4,75,000	Production Expenses 43,000
Carriage Inward	12,500	General Expenses 32,500
Wages	1,75,000	Sales 8,60,000
Works Manager's Salary	30,000	Income Tax 2,000
Factory Employees' Salary	60,000	Dividend 1,000
Factory Rent & Insurance	7,250	Selling Expenses 9,250
Power	9,500	Goodwill written off 5,000

- Q2. a) Explain the terms 'Cost', 'Costing' and 'Cost Accounting'.

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- b) Explain with examples the terms 'Waste', 'Spoilage' and 'Defectives'.

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- Q3 a) Explain in detail the procedure of Purchase of Material.

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- b) What is Classification and Codification of Material?

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- Q4. From the following information prepare Stores Ledgers under FIFO method and Simple Average method:

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2015 Jan. 1 Opening Stock 2,000 units @Rs.5 each.

3 Issued 1,500 units to production.

4 Received 4,500 units @ Rs.6 each.

- 8 Issued 1,600 units to production.
- 9 Returned to Stores 100 units by Production Dept (issued on Jan. 3)
- 16 Received 2,400 units @Rs.6.50 each.
- 19 Returned to supplier 200 units (Received on Jan.4)
- 20 Received 1,000 units @Rs.7.00 each.
- 24 Issued to production 2,100 units.
- 27 Received 1,200 units @ Rs.7.50 each.
- 29 Issued to production 2,800 units.

Q5.a) Two components 'A' and 'B' are used as follows:

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- Normal Usage - 50 units per week each.
- Minimum Usage - 25 " " " "
- Maximum Usage - 75 " " " "
- Reorder Quantity - A 300 units
B 500 units
- Reorder period - A 4 to 6 weeks
B 2 to 4 weeks
- Lead time for emergency purchases - A 1 week
B 2 weeks

Calculate for each component : a) Reorder Level b) Maximum level *c) Minimum level*
d) Average level and e) Danger level.

- b) A Company produces a product which has a monthly demand of 52,000 units. For every unit of finished product, two units of a component 'X' are required. 'X' is purchased @Rs.15 per unit 6

Calculate the Economic Ordering Quantity of component 'X'. The Ordering Cost is Rs.350 per order and the Carrying Cost is 12% p.a.

Q6. Write short notes on any FOUR of the following:

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- a) Material Turnover Ratio
 - b) Notional Cost
 - c) Non-cost Expenses
 - d) Continuous & Periodic Stock taking
 - e) ABC Analysis
 - f) Bin Card and Stores Ledger
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