

S. B. B. Alias APPASAHEB JEDHE ARTS, COMMERCE & SCIENCE COLLEGE, PUNE 02.

TERM END EXAM - 2017 - 2018

SUBJECT :- COST & WORKS ACCOUNTING - II

T.Y. B.Com.

Time - 2 hrs.

Marks - 60

Instructions -

- 1) All Question are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of calculator is allowed.

Q.1 A) True or False. (Any 3)

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- 1) Direct costs are known as overheads.
- 2) Fixed, variable semi-variable is the classification of overheads according their variability.
- 3) Activity based costing system helps the companies to better price their products.
- 4) The process of assigning service department overheads to production depts. Is called as secondary distribution.
- 5) Machine Hour Rate is the most scientific, practical & accurate method of recovery of overheads.

B) Fill in the blanks. (Any 3)

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- 1) In activity based costing system is like a cost centre.
- 2) In telephone charges telephone rent is whereas telephone calls are
- 3) Normal Bad debts is an example of overheads.
- 4) means the allotment of whole items of cost to cost centres or cost Unit.
- 5) is the process of cost attribution to cost units on the basis of benefits Received from indirect activities.

C) Write short notes on. (Any 3)

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- 1) Difference between Traditional product costing & Activity Based Costing.
- 2) Under & over absorption of overheads.
- 3) Behaviour wise classification of overheads.
- 4) Allocation of overheads.
- 5) Cost Drivers.

Q.2 What is Activity Based Costing? Explain purpose & benefits of Activity Based Costing. 12

OR

Define overheads. Explain classification of overheads.

P.T.O.

Q.3 Sanket Engineering Co. Ltd., Pune, has three production departments X, Y & Z & two service Departments A & B. The expenses incurred by them during the month of March, 2015 were as follows:

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| Particular | Rs. |
|-------------------------|-------|
| Rent & Taxes | 5,000 |
| Canteen Expenses | 1,300 |
| Motive Power | 4,000 |
| Depreciation on Machine | 5,000 |
| Electric lighting | 2,000 |
| Indirect materials | 1,500 |

Additional information provided for the month of March 2015

| Particular | Production Dept. | | | Service Dept. | |
|-------------------|------------------|--------|--------|---------------|-------|
| | X | Y | Z | A | B |
| Machine Values | 15,000 | 30,000 | 22,500 | - | 7,500 |
| Direct Materials | 5,000 | 6,000 | 4,000 | - | - |
| Direct Wages | 4,000 | 5,000 | 3,000 | - | - |
| Electricity (KWH) | 5 | 10 | 10 | 6 | 9 |
| Area Occupied | 1,100 | 1,300 | 1,200 | 500 | 900 |
| Light point no | 8 | 12 | 10 | 4 | 6 |
| Employee Nos. | 50 | 10 | 40 | 10 | 20 |

Expenses of service departments are to be apportioned as per Repeated Distribution Method as follows:

| Particulars | X | Y | Z | A | B |
|-------------|-----|-----|-----|-----|-----|
| Dept. A | 20% | 40% | 30% | - | 10% |
| Dept. B | 30% | 20% | 30% | 20% | - |

Prepare a statement showing Primary distribution of overhead expenses on most equitable basis. Also prepare a statement showing secondary distribution of service dept. cost to Prod. dep

Q.4 The following particulars relates to a new machine purchased by a manufacturing company.

- Capital cost of the machine Rs. 4,00,000
- Rent & Rates per quarter Rs. 15,000
- Installation charges Rs. 20,000
- Foreman's salary for the year Rs. 30,000
- Estimated scrap value at the end of the 10th year Rs. 20,000
- Monthly lighting charges for the total area Rs. 1,000
- Estimated life of the machine - 10 years
- Sundry supplies Rs. 1,000 p.a.
- Annual Insurance Premium for the machine Rs. 3,000
- Running of the Machine in its lifetime Hrs. 2,00,000
- Estimated Repairs & maintenance for the machine Rs. 5,000
- Consumption of power 5 units per hour @ Rs. 5 per 100 units
- Consumable stores Rs. 2,000 p.a.
- Machine occupies - 25% of the total area
- Time devoted by the foreman - 1/6th of his time.

You are required to prepare a statement showing computation of Machine Hour Rate.

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