

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

TERM END EXAM - 2016 - 2017

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) 3

- 1) All overheads are the cost, but all cost are not the overheads.
- 2) Production overhead is different from the factory overhead.
- 3) Activity based costing is a complement to total quality management.
- 4) The process of assigning service department overheads to production depts. is called as secondary distribution.
- 5) Apportionment is nothing but charging of overheads to cost centres.

B) Fill in the blanks. (Any 3) 3

- 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) 12

- 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.

Q.3 Teko Co. Ltd. Pune, has three production departments A, B & C & two service Departments X & Y. The primary distribution summary of March 2015, gives the following details. 20

- Production Departments
 - A - Rs. 6,300
 - B - Rs. 7,400

P.T.O.

C - Rs. 2,800

• Service Department :

X - Rs. 4,500

Y - Rs. 2,000

The Service Dept. expenses are charged out on a percentage basis as follows:

| Particulars | A | B | C | X | Y |
|--------------------|-----|-----|-----|-----|-----|
| Service Dept. X | 40% | 30% | 20% | — | 10% |
| Service Dept. Y | 30% | 30% | 20% | 20% | — |

Find out the total overheads of production departments charging service department cost to production department on Repeated Distribution Method & Simultaneous Equation Method.

Q.4 From the following particulars, calculate Machine Hour Rate for a machine Texmo. 10

- Capital cost of the machine Rs. 9,500
- Rent & Rates of the shop per quarter Rs. 900
- Freight & installation charges Rs. 1,500
- Supervisors salary per month Rs. 400
- Estimated scrap value after 10 years of working life Rs. 1,000
- General lighting charges per month Rs. 300
- Sundry supplies per year Rs. 40
- Monthly Insurance Premium Rs. 30
- Estimated cost of Repairs & Maintenance per annum Rs. 200
- Consumption of power 8 units per hour @ Rs. 5 per 100 units
- Effective running time per year Hrs. 2,000
- Space occupied by the machine - 1/3rd of the floor shop
- Time devoted by the supervisor for Texmo - 1/4th of his time
- Rent & Rates are to be apportioned in the ratio of floor space occupied by the machine on the floor shop.
- Out of 12 light points 4 point, are being used for Texmo machine.

