

Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2021

First Degree Programme Under CBCSS

**Core Course : CO 1542/CC 1542/CX 1542/
HM 1542/TT 1542 – COST ACCOUNTING**

**(Common for Commerce/Commerce with Computer
Application/Commerce and Tax Procedure and Practice/Commerce and
Hotel Management and Catering/Commerce and Tourism and Travel
Management)**

(2018 and 2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** word or to a maximum of **two** sentences each. **Each** question carries **1** mark.

1. Define Cost Accounting.
2. What is Cost Unit?
3. What is a profit centre?
4. What do you mean by fixed costs?
5. Write the formula to calculate Economic Order Quantity.
6. Define Perpetual Inventory System.

7. What do you understand by First In First Out method?
8. What is meant by Wages Sheet?
9. What do you mean by apportionment of overheads?
10. What is meant by Memorandum Reconciliation Account?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions in not exceeding **one** paragraph each. **Each** question carries **2** marks.

11. What do you mean by variable costs? Give an example.
12. Distinguish between direct and indirect labour costs.
13. Briefly explain the purpose of Just-In-Time (JIT) purchasing.
14. Distinguish between 'waste' and 'scrap'.
15. What are the two principal wage payment systems?
16. Give any two methods of time keeping.
17. Write a short note on activity based costing.
18. What are the components of office cost?
19. Calculate the re-ordering level from the following information :

Maximum consumption = 300 units per day

Minimum consumption = 200 units per day

Re-order period = 8 to 10 days

20. Akhil and Company starts its operations on 1-1-2020. Its stock register reveals the following data regarding the purchase of goods in 2020 :

January to March	– 10,000 units @ Rs. 10 each.
April to June	– 12,500 units @ Rs. 14 each.
July to September	– 7,500 units @ Rs. 16 each.
October to December	– 15,000 units @ Rs. 17 each.

The company sells 27,500 units by 31st December 2020. Value the closing stock by FIFO method.

21. Standard time allowed for a job is 50 hours. The hourly rate of wages is Rs. 2 per hour plus a dearness allowance of Rs. 2.50 per hour worked. The actual time taken by the worker was 40 hours.

Calculate total wages on time rate basis.

22. The following information is given :

Rate per hour	= Rs. 1.50 per hour
Time allowed for job	= 20 hours
Time taken	= 15 hours

Calculate the total earnings of the worker under the Halsey Plan.

23. From the following information, prepare the earnings of a worker under Rowan plan :

Time allowed =	60 hours
Time taken =	50 hours
Rate per hour =	Rs. 2

24. Classify the following items of expenses by functions and variability :

- (a) Depreciation on plant; and
- (b) Office telephone charges.

25. Ascertain the works cost from the following figures :
 Direct materials Rs. 5,000; Direct labour Rs. 3,500; Factory expenses Rs. 1,500.
26. The accounts of Pleasant Company Ltd. show for 2020 :
 Materials Rs. 3,50,000; Labour Rs. 2,70,000; Factory overheads Rs. 81,000 and
 Administration overheads Rs. 56,080. Calculate the total cost of production.

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions in about **120** words each. **Each** question carries **4** marks.

27. What are the advantages of Cost Accounting?
28. Briefly explain the different techniques of costing.
29. Why is it necessary to reconcile the profit shown by the cost accounts and financial accounts?
30. What are the advantages of Integral Accounting?
31. From the following information, calculate EOQ :
- | | | |
|---------------------------|---|-------------|
| Annual Consumption | = | 6,000 units |
| Buying cost per order | = | Rs. 6 |
| Cost per unit of material | = | Re. 0.25 |
| Storage and carrying cost | = | 10% |
32. Find out the different levels of stock:
- | | | |
|------------------------|---|-------------------|
| Normal consumption | : | 300 units per day |
| Maximum consumption | : | 420 units per day |
| Minimum consumption | : | 240 units per day |
| Re-order quantity | : | 3,600 units |
| Re-order period | : | 10 to 15 days |
| Normal re-order period | : | 12 days |

33. Calculate wages due to a worker concerning whom the following data are supplied :

Normal hours in a week : 44 hours

Actual booked hours : 50 hours

Rate per unit : Normal : Rs. 1.25

Overtime : 200% of normal time

34. A worker takes 18 hours to complete a job on daily wages and 12 hours on a scheme of payment by result. His day rate is Rs. 15 per hour. The material cost of the product is Rs. 40 and the overheads are recovered at 15% of the total direct wages. Calculate the factory cost of the product under :

(a) Halsey Plan, and

(b) Rowan Plan.

35. From the following information, calculate the labour turnover rate and labour flux rate :

Number of workers at the beginning of the year 3,800

Number of workers at the end of the year 4,200

During the year 40 workers leave while 160 workers are discharged. 600 workers are required during the year, of these 150 workers are recruited because of leavers and the rest are engaged in accordance with an expansion scheme.

36. What basis would you follow for distribution of the following overhead expenses to departments?

(a) Factory Rent

(b) Insurance on Machinery

(c) Electric light

(d) Store service expenses

37. Prepare a cost sheet from the following particulars :

	Rs.
Material cost	10,000
Wages	7,000
Works overhead	3,000
Administration overhead	1,600
Selling overhead	1,400
Sales	30,000

38. The following transactions have been extracted from the books of a company. You are required to make journal entries under integrated accounts.

	Rs.
(a) Productive wages paid	2,04,000
(b) Unproductive wages paid	72,000
(c) Works overhead incurred	3,65,000
(d) Materials issued for repairs	2,100

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions in not exceeding **4** pages each. **Each** question carries **15** marks.

39. (a) Discuss the limitations of cost accounting.
(b) What are the practical difficulties that are usually faced in installing a costing system?
40. Explain the meaning, accounting treatment and control of the following in cost accounts :
- (a) Waste
 - (b) Scrap
 - (c) Spoilage and
 - (d) Defectives

41. The following transactions occur in the purchase and issue of a material :

Jan. 2 nd	Purchased 4,000 units @ Rs. 4 per unit
Jan. 20 th	Purchased 500 units @ Rs. 5 per unit
Feb. 5 th	Issued 2,000 units
Feb. 10 th	Purchased 6,000 units @ Rs. 6 per unit
Feb. 12 th	Issued 4,000 units
Mar. 2 nd	Issued 1,000 units
Mar. 5 th	Issued 2,000 units
Mar. 15 th	Purchased 4,500 units @ Rs. 5.50 per unit
Mar. 20 th	Issued 3,000 units

On March, 31st there was a shortage of 100 units. From the above information, prepare a stores ledger adopting FIFO method of pricing the issue.

42. ABC and Co. has the following balances as on 31-12-2020 :

Expenses	Production Departments		Service Departments	
	X	Y	P	Q
	Rs.	Rs.	Rs.	Rs.
Indirect wages	4,000	3,000	2,000	5,650
Indirect materials	1,800	700	1,020	1,500
Sundries	400	1,000	150	200
Supervision	—	—	14,000	—

Overheads to be apportioned :

	Rs.
Power	8,000
Rent	12,000
Heating	6,000
Taxes	2,000
Insurance	1,000
Depreciation	1,00,000

Following additional information is available :

Depts.	Area space	Boilers	Employees	Investment	H.P.
X	2,000	45	20	6,40,000	3,500
Y	800	90	10	2,00,000	500
P	400	30	3	10,000	—
Q	1,600	60	5	1,50,000	1,000

The expenses of Q Dept. are distributed in the ratio of 5 : 2 : 3 to departments X, Y and P. Expenses of P department are distributed in the ratio of employees. Prepare overhead distribution summary.

43. A company maintained separate cost and financial accounts and the costing profit for the year 2020 differed to that revealed in financial accounts, which was shown as Rs. 50,000. Following information is available:

(a)

	Cost accounts	Financial accounts
	Rs.	Rs.
Opening stock of raw materials	5,000	5,500
Closing stock of raw materials	4,000	5,300
Opening stock of finished goods	12,000	15,000
Closing stock of finished goods	14,000	16,000

- (b) Dividends of Rs. 1,000 were received by the company.
 (c) A machine with net book value of Rs. 10,000 was sold during the year for Rs. 8,000.
 (d) The company charged 10% interest on its opening capital employed of Rs. 80,000 to its process costs.

You are required to determine the profit figure which was shown in the cost accounts.

44. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December, 2020 :

	Rs.
Materials used	1,50,000
Production wages	1,20,000
Factory overheads	24,000
Establishment expenses	17,640

Prepare a cost sheet and calculate the price which the company should quote for manufacturing a machine requiring materials valued at Rs. 1,250 and expenses in productive wages Rs. 750 so that price may yield 20% on selling price.

(2 × 15 = 30 Marks)