

**B.COM. DEGREE END SEMESTER EXAMINATION OCTOBER 2017****SEMESTER –5: COMMERCE (CORE COURSE)****COURSE: 15U5RCOM13: COST ACCOUNTING***(For Regular 2015 admission)*

Time: Three Hours

Max. Marks: 75

**SECTION A***Answer all questions. Each question carries two marks.*

1. What is composite costing? Give an example.
2. State the meaning of imputed costs.
3. Define cost.
4. What is job card?
5. The annual demand for an item is 3,200 units. The unit's cost is Rs.6 and inventory carrying charge is 25% p.a. If the cost of one procurement is Rs. 150, determine the number of orders per year if EOQ is ordered.
6. From the following particulars, calculate the earnings of A under Rowan plan.  
Standard Time – 10 hours, Time rate – Re. 1 per hour, Time taken – 9 hours.  
Also determine the effective rate of earnings per hour.
7. How will you apportion the following expenses among various departments?  
a) Welfare expenses b) Creche expenses
8. What is idle capacity?
9. What is prime cost?
10. What do you mean by labour turnover? (2 × 10 = 20)

**SECTION B***Answer any five questions. Each question carries five marks.*

11. From the following information prepare a stores ledger account under FIFO method

2017	March 1	Purchase	300 units (Unit cost Rs. 3)
	March 3	Purchase	600 units (Unit cost Rs. 4)
	March 6	Issue	500 units
	March 10	Purchase	700 units (Unit cost Rs. 4)
	March 15	Issue	800 units
	March 20	Purchase	300 units (Unit cost Rs. 5)
	March 23	Issue	100 units

12. Assets Dreams Ltd., uses historical cost system and absorb overheads on the basis of predetermined rate. The following data are available for the year ended 31-03-2017.  
 Manufacturing overheads actually spent – Rs. 1,70,000  
 Manufacturing overheads absorbed – Rs. 1,50,000  
 Based on the limited information above, how will you dispose the under-absorbed overhead? Also show the implication on the profit of the company.
13. From the following particulars, calculate the earnings of different workers under Taylor's differential piece rate system.  
 Standard time/unit – 6 minutes  
 Normal rate – Rs. 5/hour  
 Differential piece rates:  
 80% of piece rate below the standard  
 120% of piece rate at or above the standard  
 In a day of 8 hours, the production by different workers is as under:  
 Vinu – 70 units, Venu – 80 units, Libin -90 units, George -100 units.
14. Explain VED Analysis.
15. Explain the behavioral-wise classification of overheads with suitable examples.
16. Give the items which are excluded in cost accounts under three groups namely; appropriation of profits, purely financial incomes and purely financial charges.
17. A factory produces 100 units of a commodity. The cost of production is:  
 Material – Rs. 10,000  
 Labour – 5,000  
 Direct expenses – 1,000  
 Factory overheads – 125% of wages  
 Office overheads – 20% of works cost  
 Expected profit – 25 % of sales. Calculate the price to be fixed. (5 × 5 = 25)

### SECTION C

*Answer **any three** questions. Each question carries **ten** marks.*

18. From the following data of a textile factory machine room, compute an hourly machine rate, assuming that the machine room will work on 90% capacity throughout the year and that breakdown of 10% is reasonable. There are 3 days of holidays for Deepawali, 2 days for Holi and 2 days for Christmas exclusive of Sundays. The factory works 8 hours a day and 4 hours on Saturdays.  
 Number of machines (each of the same type): 40  
 Expenses per annum (Rs) - Power – 3,120, Light – 640, Salaries to foreman – 1,200, Lubricating oil – 66, Repairs of machine – 1,446 and Depreciation 785
19. M/s Tubes Ltd. are the manufacturers of picture tubes for T.V. The following are the details of their operation during the year 2016:

Average monthly market demand 2,000 Tubes

Ordering Cost Rs. 100 per order

Inventory carrying cost 20% per annum

Cost of tubes Rs. 500 per tube

Normal usage 100 tubes per week

Minimum usage 50 tubes per week

Maximum usage 200 tubes per week

Lead time to supply 6 – 8 weeks

Compute from the above:

(i) Economic order quantity. If the supplier is willing to supply quarterly 1,500 units at a discount of 5% is it worth accepting?

(ii) Maximum level of stock

(iii) Minimum level of stock

20. The financial Profit and Loss Account of Manufacturing Company for the year ended 31<sup>st</sup> March 2017 is as follows.

Materials consumed	50,000	Sales	1,24,000
Carriage inwards	34,000		
Works expenses	12,000		
Direct wages	1,000		
Administration expenses	4,500		
Selling expenses	6,500		
Debenture interest	1,000		
Net Profit	15,000		
	<b>1,24,000</b>		<b>1,24,000</b>

The net profit shown by the cost accounts for the year is Rs. 16,270. You are required to prepare a reconciliation statement based on the following information

Works overhead charges in cost accounts – Rs. 11,500

Administration expenses in cost accounts – Rs. 4,590

Selling expenses in cost accounts – Rs. 6,640

No charge has been made in cost accounts in respect of debenture interest.

21. A modern Co. is divided into four departments – A, B, C are producing and D is a service department. The actual costs for a period are as follows.

Rent – Rs. 1,000,

Repairs to plant - Rs. 600,  
 Depreciation on plant - Rs. 450,  
 Employers liability for insurance - Rs. 150,  
 Supervision - Rs. 1,000,  
 Fire insurance in respect of stock - Rs.500,  
 Power- Rs. 900 and  
 Light - Rs. 120

The following information are available in respect of the 4 departments.

Particulars	A	B	C	D
Area (sq.metres)	1,500	1,100	900	500
No. of employees	20	15	10	5
Total wages	6,000	4,000	3,000	2,000
Value of plant	24,000	18,000	12,000	6,000
Value of stock	15,000	9,000	6,000	-
H. P of plant	24	18	12	6

Apportion the costs of the various departments on the most equitable basis.

22. Define cost accounting. Explain the differences between cost accounting and financial accounting.

(10 x 3 = 30)

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