Name.....Reg. No.....,.....

B.COM DEGREE END SEMESTER EXAMINATION OCTOBER 2016

SEMESTER – 5: COMMERCE (CORE COURSE)

COURSE: U5CRCOM13 – COST ACCOUNTING

Time: Three Hours Max. Marks: 75

Part A

*Answer **all** questions. Each question carries **one** mark.*

1. Define cost accountancy.
2. What is a cost unit?
3. What do you mean by bill of materials?
4. What is perpetual inventory system?
5. What is JIT?
6. Define overhead.
7. What is batch costing?
8. What are defectives?
9. What do you mean by idle time?
10. What is over absorption of overhead?

(1 x 10 = 10)

Part B

*Answer **any eight** questions. Each question carries **two** marks.*

11. Distinguish between stores ledger and bincard.
12. What is profit centre?
13. State any four advantages of cost accounting.
14. Distinguish between scrap and spoilage.
15. State the difficulties in the installation of a costing system.
16. Explain the methods of time booking.
17. State any four disadvantages of centralized purchasing system.
18. What is VED analysis?
19. Find out EOQ and the number of orders per year.
    Annual usage – 1000 units, cost of materials per unit – Rs. 20,
    cost of placing an order – Rs. 40,
    annual carrying cost of 1 unit – 10% of inventory value.
20. Calculate labour turn over by flux method
    Number of workers in the beginning of the year – 3800
    Number of workers in the end of the year – 4200

During the year 40 workers leave while 160 workers were discharged. 600 workers are required during the year, of these 150 workers are recruited because of leavers and the rest engaged in accordance with an expansion scheme. (2 x 8 = 16)

Part C

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

21. Prepare stores ledger by simple average method from the following details.

Date	Receipt Quantity (unit)	Rate in Rs.	Issue quantity
2 March 2015	200	2.00	--
10 March 2015	300	2.40	--
15 March 2015	--	--	250
18 March 2015	250	2.60	200
20 March 2015	--	--	200

22. In a company, weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The re order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from the issue of supply order. Calculate minimum level and maximum level of material A.

23. A modern manufacturing company submits the following information on 31st March 2015.

	Rs.
Sales for the year	2,75,000
Inventories at the beginning of the year:	
Finished goods	7,000
WIP	4,000
Purchase of materials	1,10,000
Materials inventory:	
At the beginning of the year	3,000

At the end of the year	4,000
Direct labour	65,000

Factory overheads were 60% of direct labour costs

Inventories at the end of the year:

WIP	6,000
Finished goods	8,000

Other expenses for the year:

Selling expenses 10% of sales

Administration expenses 5% of sales

Prepare a cost sheet.

24. Three workers (Vishal, Vishnu and Vyshakh) having worked for 8 hours, produced 80, 120 and 140 pieces of product X on a particular in a factory. The time allowed for producing 10 units of X is one hour and their hourly rate is Rs. 100. Calculate for each of the three workers earnings for the day under the following methods of labour remuneration.

a) Straight piece rate, b) Halsey premium bonus (50% sharing), c) Rowan's premium bonus

25. What is ABC analysis? Explain its advantages.

26. State the reasons for disagreement in profit in cost and financial accounts.

27. Explain the functional classification of overheads.

(5 x 5 = 25**)**

Part D

*Answer **any two** questions. Each question carries **twelve marks.***

28. Outline the steps in the purchasing procedures from the time a need for material is determined until the material is stored and paid for.

29. Compute machine hour rate from the following data:

	Rs.
Cost of Machine	2,00,000
Installation charges	25,000
Scrap value after its life (15 years)	10,000
Rent and rates for the shop per month	200
General lighting for the shop per month	1,000

Insurance premium for the shop per annum	4,800
Repairs and maintenance expenses per annum	5,000
Power consumption 10 units per hour, rate of power for 100 units	1,000
Estimated working hours per annum – 2,200 (this includes setting up time of 200 hours	
Shop supervisor's salary per month	12,000

The machine occupies ¼th of the total area of the shop. The supervisor devotes 1/5th of his time for supervising this machine

30. The net profit of a manufacturing company for the year ended 31st March, 2014 was 5,15,020 as shown by financial books.

The Cost Accounts disclosed a profit of Rs. 6,89,600 for the same period. The following details are discovered.

	Rs.
Interest on investments	32,000
Loss due to depreciation in stock value charged in Financial Accounts only	27,000
Works overhead under – recovered in Cost Accounts	12,480
Bank interest and dividend received	4,900
Obsolescence loss charged in Financial Accounts	22,800
Depreciation charged to Financial Accounts	44,800
Depreciation recovered in Cost Accounts	50,000
Income tax paid	1,61,200
Administrative overhead over-recovered in Cost Accounts	6,800

Prepare a statement reconciling the profits shown in both the books

31. In a factory there are 4 production departments A, B, C and D and two service departments X and Y. the departmental overheads are obtained in a summarized form as under

Production departments			Service departments		
A	Rs.	1,270	X	Rs.	750
B	Rs.	1,460	Y	Rs.	340
C	Rs.	990			
D	Rs.	830			

The expense (over heads) of service departments are charged out on percentage basis as given below

	Production Department				Service Department	
	A	B	C	D	X	Y
X Service Department	10 %	30 %	20 %	20 %	--	20%
Y Service Department	30 %	20 %	30 %	10 %	10%	--

Reapportion the service department's overheads to production departments under simultaneous equation method

Further, ascertain overhead recovery rate in each production department A, B, C and D in which estimated hours are 2000, 3000, 2600 and 1600 respectively.

(12 x 2 = 24)

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