B.COM. DEGREE END SEMESTER EXAMINATION OCT. 2020: JANUARY 2021

SEMESTER – 5: COMMERCE (CORE COURSE)

COURSE: **15U5CRCOM12: COST ACCOUNTING**

(Common for Regular 2018 admission & Improvement 2017/ Supplementary 2017/2016/2015 admissions)

Time: Three Hours   Max. Marks: 75

SECTION A

Answer all questions. Each question carries 2 marks

1. What is a cost unit?
2. What is absorption costing?
3. What is period cost?
4. What is ABC analysis?
5. Distinguish between scrap and spoilage.
6. Describe time keeping.
7. Distinguish between allocation and apportionment of overhead.
8. What is a cost sheet?
9. Calculate EOQ.

Monthly consumption	125 units
Monthly carrying cost	1%
Purchase price per unit	Rs 25
Ordering cost per order	Rs 22.50

10. What is piece rate system of wage payment? State the situations in which it is effective and useful.

(10 × 2 = 20)

SECTION B

Answer any five questions. Each question carries 5 marks.

11. What are the objectives of cost accounting?
12. Distinguish between bin card and stores ledger.
13. Shyam industries Ltd. absorb overhead cost @ Rs 3 per labour hour. The following details are available from the books for the year ended 31st March 2020.

Direct labour hours worked	50,000
Indirect labour cost	Rs 35,000
Indirect material cost	Rs 15,000
Depreciation on plant	Rs 55,000
Miscellaneous factory overhead	Rs 60,000

Calculate the overhead under/over absorbed. Assume that there is no opening and closing stock of finished goods and work in progress.

14. Calculate total monthly remuneration of three workers A, B and C from the following data.
    a. standard production per month per worker – 1,000 units
       Actual production: A- 850 units, B- 750 units and C 950 units.
    b. Piece work rate- 10 paise per unit
    c. additional production bonus is Rs 10 for each percentage or actual production exceeding 80 %
       of actual production over standard.
    d. dearness pay fixed – Rs 50 per month.

15. Two components A and B are used as follows.

    Normal usage   300 units per week each
    Maximum usage   450 units per week
    Minimum usage   150 units per week
    Re-order quantity   A- 2,400 units, B- 3,600 units
    Reorder period   A-4 to 6 weeks, B – 2 to 4 weeks
    Calculate for each component-
    a. Re-order level b. Minimum level   c. Maximum level   d. Average stock level

16. Calculate inventory turnover ratio for the year 2019 from the following details. Also determine
    the fast moving material.

	Material A (Rs)	Material B (Rs)
Opening stock	15,000	28,000
Closing stock	28,000	17,500
Purchases	2, 25,000	1, 35,000

17. Calculate machine hour rate for a machine from the following data.

	Rs
Cost of machine	19,200
Estimated scrap value	1,200
Average repairs and maintenance charge per month	150
Standing charges allocated per month	50
Effective working life of machine	10,000 hours
Running time per month	160 hours

    Power used by the machine: -- 5 units per hour @ 19 paise per unit.

                                                                          (5 × 5 = 25)

SECTION C
Answer any three questions. Each question carries 10 marks.

18. Distinguish between financial accounting and cost accounting.
19. Enter the following transactions in the stores ledger of ABC Co. Ltd., pricing the materials by First
    in First out method. Show the balance of inventory after each transaction.

2020 Jan. 1   Balance- 50units @ 50 paise per unit

2   Ordered 200units, purchase order 55, expected January 6.

3   Issued 25 units, Requisition No. 100, Department A

4   Ordered 100units, purchase order 65, expected January 16.

5   Received 200 units @ 30 paise per unit, purchase order 55.

7   Issued 150 units, Requisition No. 105, Department B

8   Return to stock room 10 units from Department A, Requisition No. 100

10   Received 75 units @ 75 paise per unit, purchase order 65.

12   Ordered 100units, purchase order 77, expected January 28

15   Issued 160 units, Requisition No. 125 Department A

18   Received 25 units balance of purchase order 65@ 75 paise per unit

21   Issued 5 units, Requisition No. 130, Department A

23   Returned to vendor 15 units from purchase order 65 received on Jan.18

25   Received 100 units @ 50 paise per unit, purchase order 77

25   freight as per purchase order 77, Rs 25

29   Issued 50 units, Requisition No. 134, Department B

30   Transferred 10 units from Department A to B

20. Soma Ltd. has three production departments A, B and C and two service departments X and Y. The following particulars are extracted from the books of the company for the month of January 2020.

Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power charges	6,000
Depreciation of machinery	40,000
Canteen expenses	30,000
Labour welfare expenses	10,000

The following further details are available:

Items	Total	A	B	C	X	Y
Floor area (sq.ft.)	5,000	1,000	1,250	1,500	1,000	250
Light points (No.)	24	4	6	8	4	2
Direct wages (Rs)	40,000	12,000	8,000	12,000	6,000	2,000
HP of machine	15	6	3	5	1	-
Cost of machine (Rs)	2,00,000	48,000	64,000	80,000	4,000	4,000
Working hours	6,114	1,868	1,208	1,220	-	-

The service department expenses are allocated as follows:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

Prepare:

i. Overhead distribution summary

ii. Re-apportionment of service department expenses using repeated distribution method

iii. Overhead absorption rate per hour

iv. Manufacturing cost of an article if material costs Rs 100 and labour Rs 50. The product passes through Dept. A and B for one hour and C for two hours.

21. From the following particulars, prepare a statement showing:

i. Materials consumed

ii. Prime cost

iii. Works cost

iv. Cost of production

v. Percentage of works on cost to wages

vi. Percentage of office overhead to works cost

	Rs
Stock of raw materials on 31-12-2018	75,600
Purchase of raw materials	2,35,400
Direct wages	3,50,000
Stock of raw materials on 31-12-2019	23,400
Works overhead	1,26,000
Office overhead	38,180

What price should the company quote for the manufacture a tape-recorder which, it is estimated, will require materials worth Rs 320 and will involve an expenditure of Rs 150 in wages, so that it will yield a profit of 20 % on selling price?

22. a. Explain the methods of time keeping.

b. From the following particulars calculate the earnings of workers X and Y for a day under straight piece rate system and Taylor's differential piece rate system.

Standard production	10 units per hour
Normal time rate	Rs 50 per hour
Differentials to be applied:	80% of piece rate below standard
120% of piece rate above standard	
Hours of the day	8
Output:	X -75 units Y -100 units

(10 x 3 = 30)