

B. COM. DEGREE END SEMESTER EXAMINATION : NOVEMBER 2023**SEMESTER 5 : COMMERCE****COURSE : 19U5RCOM17 : COST ACCOUNTING***(For Regular 2021 Admission and Supplementary 2020/2019/2018/2017/2016 Admissions)*

Time : Three Hours

Max. Marks: 75

PART A**Answer any 10 (2 marks each)**

1. What is primary distribution?
2. Distinguish between Period cost and Product cost.
3. What is Out of pocket cost?
4. Ascertain the prime cost from the following:

Direct wages	50,000
Chargeable expenses	5,000
Opening stock of raw materials	10,000
Raw materials bought during the period	60,000
Closing stock of raw materials	20,000
Carriage inwards	1,500
Carriage outwards	2,000
Raw materials returned to supplier	1,500

5. Ascertain the amount of overhead under or over 'absorbed from the details given below:
Direct labour hour rate: Rs. 6 -per hour
Actual labour hours worked: 15,000
Actual overhead incurred: Rs.1,00,000

6. Find the profit as per financial account

Loss as per cost account	Rs.1,000
Closing stock undervalued in cost books	Rs.500
Goodwill written off	Rs.2,000
Interest on bank loan	Rs.1,215
Works overhead over recovered in costing	Rs.2,215
Profit on sale of machine	Rs.12,000

7. What is inventory control? State its objectives.
8. List three types of work where time wage system is suitable.
9. Find the economic order quantity when the annual consumption is 6000 kg, ordering cost is Rs: 120 per order, price per kg is Rs: 20 and carrying cost is 20 % . Also ascertain the frequency of placing orders.
10. From the following particulars find the **amount of cash required for payment of wages** in a factory for the month of April 2014
 1. Wages for normal hours worked. 2,05,000
 2. Wages for overtime. 22,000
 3. Leave wages. 17,000
 4. Deduction of employees share to ESI contribution 5,000
 5. Employees contribution to Provident Fund. 16,000
 6. House rent to be recovered from employees. 3,000

11. What methods of costing would you recommend for the following industries? a) Ship building
b) Readymade garments c) Toy manufacturing d) Drugs manufacturing
12. What is Shut down cost?

(2 x 10 = 20)

PART B
Answer any 5 (5 marks each)

13. From the following particulars, calculate the earnings of workers X and Y and also comment on the labour cost.

Standard time allowed: 20 units per hour Normal time rate: `30 per hour Differential Rate to be applied:

80% of piece rate when below standard 120% of piece rate at or above standard

In a particular day of 8 hours, X produces 140 units while Y produces 165 units

14. Calculate machine hour rate from the following yearly charges of a shop where work is done by means of 5 machines of exactly similar type and specification.

	Rs.
Rent and rates	44,800
Depreciation on each machine	55,000
Repairs and maintenance for 5 machines	1,10,000
Electric charges for the shop	44,500
Sundry supplies for the shop	45,500

- Two Attendants looking after 5 machines paid Rs. 12,000 per month each.
- Supervisor looking after 5 machines is paid Rs. 25,500 per month.

The machine uses 10 units of power per hour @ Rs. 3.50 per unit. Each machine can work 200 hours per month.

15. Calculate the effective rate of earnings per hour and employer savings under Halsey Plan from the following information:

Standard time needed to complete a job is 30 hours. The hourly wage rate is Rs.8. The job was actually completed in 20 hours. The factory overhead charges are 75% of the standard time.

16. The following information has been obtained from the costing records of ANN Ltd. For the month of July 2020:-

	1 July 2020	31 July 2020
Cost of raw material	7,500	9,000
Cost of work-in-progress	3,500	4,000
Cost of finished goods in stock	14,000	17,000
Manufacturing wages		19,000
Manufacturing Expenses (factory OH)		9,000
Office expenses		6,000
Purchase of raw material		60,000
Selling and distribution expenses		4,000
Sales		1,10,000

Prepare a cost sheet showing total cost and profit for the month of July 2020.

17. What is Bin Card? Discuss its utility.
18. Calculate the minimum stock level , maximum stock level and reordering level from the following information:

Minimum consumption	100 units per day
Maximum consumption	150 units per day
Normal consumption	120 units per day
Reorder period	10-15 days
Reorder quantity	1,500 units
Normal reorder period	12 days

19. Define overhead. Indicate the advantages of classifying overheads into fixed and variable.
 20. Explain the various methods of costing.

(5 x 5 = 25)

PART C
Answer any 3 (10 marks each)

21. A company has three production Depts. A, B and C and two service depts. X and Y. The expenses incurred in the departments are given below

A – Rs. 80,000; B – Rs. 70,000; C – Rs. 50,000; X – Rs. 23,400; Y – Rs. 30,000

The expenses of the service depts. Are apportioned as follows:

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

Apportion the expenses of dept. X and Y to production depts. Using (i) repeated distribution method (ii) simultaneous equation method.

22. Explain the different classification of cost .
 23. From the following particulars prepare:
 a) A statement of cost and profit as per cost account
 b) Profit and loss account in the financial books
 c) A statement reconciling profit as per cost account with the profit as per financial account

Opening stock of raw materials	30,000
Opening stock of finished goods	60,000
Purchase of raw materials	1,80,000
Closing stock of raw materials	45,000
Closing stock of finished goods	15,000
Wages	75,000

Factory overhead is 25% on prime cost and office overhead is 75% of factory overhead. Actual work expenses amount to Rs.58,125 and actual office expenses amount to Rs.45,750. The selling price was fixed at a profit of 25% on cost.

24. The following details are extracted from the books Jain Castings Ltd. for the month of January, 2015. You are required to apportion overheads to production departments.

Items	Production Department			Service Departments	
	A	B	C	X	Y
Direct wages (Rs.)	70,000	60,000	50,000	10,000	10,000
Direct materials (Rs.)	30,000	25,000	20,000	15,000	10,000
Number of workers	20	15	15	5	5
Motive power(units)	800	600	600	200	300
Light points (Nos.)	10	15	15	5	5
Value of assets (Rs.)	50,000	30,000	20,000	10,000	10,000
Floor area occupied (Sq. Ft.)	800	600	600	200	200

The expenses for the month were as follows:

	Rs.
Stores overhead	4,000
Motive power	2,500
Lighting	400
Labour welfare	6,000
Depreciation	6,000
Repairs	1,200
General overheads	10,000
Rent and taxes	6,000

Apportion the expenses of department X in the ratio 4:3:3 and that of department Y in the ratio of direct wages to production departments.

25. The received side of the Stores Ledger Account shows the following particulars:

Jan. 1	Opening Balance:	500 units @ Rs.4
Jan. 5	Received from vendor:	200 units @ Rs.4.25
Jan.12	Received from vendor:	150 units @ Rs.4.10
Jan.20	Received from vendor:	300 units @ Rs.4.50
Jan.23	Received from vendor:	400 units @ Rs.4

Issues of material were as follows:

Jan. 4- 200 units; Jan.10- 400 units; Jan. 15- 100 units; Jan 19- 100 units; Jan.25- 200 units;
Jan.30- 250 units.

Issues are to be priced on the principle of "first in first out". Write the Stores Ledger Account in respect of the materials for the month of January under FIFO and LIFO.

(10 x 3 = 30)