

B.COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2024**SEMESTER 5 : COMMERCE****COURSE : 19U5CRCOM17 : COST ACCOUNTING***(For Regular 2022 Admission and Supplementary 2021/2020/2019/2018/2017/2016 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. The following data are available in respect of Material X for the year ended March 31, 2020.

	Rs.
Opening stock	90,000
Purchases during the year	2,70,000
Closing stock	1,10,000

Calculate :

- Inventory turnover ratio
 - The number of days for which the average inventory is held
- How will you deal with under or over valuation of stock in cost accounts while reconciliation statement?
 - Distinguish between works cost and works on cost.
 - Define Historical costing.
 - X' an employee of ABC Co. gets the following emoluments and benefits:
 - Basic pay ₹10,000 p.m.
 - Dearness allowance ₹ 2,000 p.m.
 - Bonus 20% of salary and D.A.
 - Other allowances ₹2,500 p.m.
 - Employer's contribution to P.F. 10% of salary and D.A.
 'X' works for 2,400 hours per annum, out of which 400 hours are non-productive and treated as normal idle time. You are required to COMPUTE the effective hourly cost of employee 'X'.
Statement showing computation of effective hourly cost of employee 'X'.
 - XYZ company uses historical cost system and applies overheads on the basis of pre- determined rates. The following data are available from the records of the company for the year 31-3-2023:

Particulars	Amount (Rs.)
Manufacturing overhead	8,50,000
Manufacturing overhead absorbed	7,50,000
Work-in-progress	2,40,000
Finished goods stock	4,80,000
Cost of goods sold	16,80,000

Calculate the overheads under/over-absorbed

- What is Sunk cost?
- What is overhead distribution summary?
- What is Imputed cost?
- What is bin tag?
- List three types of work where time wage system is suitable.
- Name the various types of responsibility centres.

(2 x 10 = 20)

PART B
Answer any 5 (5 marks each)

13. Explain the various methods of costing.
14. "Overhead which is common to two or more dept. or cost centres are required to be apportioned among these depts. It has to be made on some equitable basis." Explain the important bases for apportionment of overhead.
15. Explain the advantages and disadvantages of time wage system.
16. 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.

17. The following information is extracted from the records of a company for the month of March 2023;

Number of employees at the beginning of the month	950
Number of employees at the end of the month	1050
Number of employees resigned	10
Number of employees discharged	30
Number of employees replaced in the vacancies	20
Number of employees appointed due to expansion	120

Calculate the monthly labor turnover rate.

18. ABC Ltd. Manufactures a special product 'ZED', the following particulars were collected for the year 2023.
 - Annual carrying cost per unit Rs:15
 - Cost of placing an order Rs: 100
 - Normal usage 50 units per week
 - Minimum usage 25 units per week
 - Maximum usage 75 units per week
 - Reorder period 4 to 6 weeks .

Compute the following :

- (a) Reorder quantity (b) Reorder level (c) Minimum level (d) Maximum level (e)Average stock level

19. Prepare a cost sheet from the following:

	₹
Direct materials	2,00,000
Factory expenses	1,20,000
Prime cost	4,10,000
Office expenses	90,000
Sales	6,50,000
10% of the total output is in stock	

20. Distinguish between reorder level and reorder quantity.

(5 x 5 = 25)

PART C
Answer any 3 (10 marks each)

21. You are given the following information.

Particulars	Total (Rs.)	Production depts.			Service dept.	
		A	B	C	D	E
Rent	1,000	200	400	150	150	100
Electricity	200	50	80	30	20	20
Insurance	400	80	160	60	60	40
Depreciation	4,000	1,000	1,500	1,000	300	200
Transport	400	50	50	50	100	150
Total	6,000	1,380	2,190	1,290	630	510
Working hour	-	1,000	2,500	1,800	-	-

Expense of service depts. to production depts. using repeated distribution method.

Also workout the overhead hour rate of depts. A, B and C

Expenses of service department D & E apportioned as under

	A	B	C	D	E
D	30%	40%	20%	-	10%
E	10%	20%	50%	20%	-

22. Prepare a Stores Ledger Account from the following information using FIFO method.

1-6-23	Opening Balance	30 units valued at Rs.2,100
4-6-23	Issued material vide RN 102	10 units
5-6-23	Received from Fifo Co. vide GRN 201	40 units at Rs.65 per unit
6-6-23	Issued vide RN 103	15 units
7-6-23	Returned to Fifo Co	5 units
9-6-23	Issued material vide RN 105	10 units
11-6-23	Issued material vide RN 106	20 units
13-6-23	Received from Lifo vide GRN 203	30 units at Rs.68 per unit
15-6-23	Issued material RN 107	10 units
16-6-23	Received replacement from Fifo GRN 204	5 units
18-6-23	Returned from Department, materials from Lifo Co MRR 301	5 units
20-6-23	Transfer from Job J1 to Job J2 MTR 401	10 units
21-6-23	Issued material RN 108	10 units
25-6-23	Transfer from Dept A to Dept B	5 units
30-6-23	Shortage in stock taking	5 units

23. The profit as per cost account is Rs.86,250. The following points are found out on comparison between cost account and financial account.

	Cost Account (Rs.)	Financial Account (Rs.)
A) Opening stock		
Materials	10,300	10,500
WIP	8,000	8,500
B) Closing stock		
Materials	15,000	14,200
WIP	6,000	5,600

C) Dividend and interest received Rs.600

D) Loss on sale of investment Rs.1,000

E) Rs.1,500 interest charged by bank but not considered in financial account

F) Goodwill Rs.2,500 and preliminary expenses Rs.3,000 have been written off during the year
Overheads incurred Rs.40,600 but overhead absorbed amount to Rs.38,500

24. Following are the particulars for the production of 2,000 sewing machines of Nath Engineering Co Ltd. for the year 2022:

Cost of materials	Rs.1,60,000	Rent, rates and insurance	Rs.20,000
Wages	Rs.2,40,000	Selling expenses	Rs.60,000
Manufacturing expenses	Rs.1,00,000	General expenses	Rs.40,000
Salaries	Rs.1,20,000	Sales	Rs.8,00,000

The company plans to manufacture 3,000 sewing machines during 2023. You are required to submit a statement showing the price at which machines would be sold so as to show a profit of 10% on selling price. Following additional information is supplied to you:

- a) Price of material is expected to rise by 20%.
 - b) Wage rates are expected to show an increase of 5%.
 - c) Manufacturing expenses will rise in proportion to the combined cost of material and wages.
 - d) Selling expenses per unit will remain the same.
 - e) Other expenses will remain unaffected by the rise in output.
25. Explain the main differences between financial accounting and cost accounting.

(10 x 3 = 30)