

B. COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2019**SEMESTER – 5: COMMERCE (CORE COURSE)****COURSE: U5RCOM13 - COST ACCOUNTING***(For Supplementary - 2014 Admissions)*

Time: Three Hours

Max. Marks : 75

PART A*Answer **all** questions. Each question carries 1 mark.*

1. Define cost centre.
2. Define costing.
3. What do you mean by bill of materials?
4. What is VED analysis?
5. What is over time?
6. What is JIT?
7. What is centralized purchasing?
8. What do you mean by idle time?
9. What are defectives?
10. What is time rate system?

(1 x 10 = 10)

PART B*Answer **any eight** questions. Each question carries 2 marks.*

11. Distinguish between stores ledger and bincard.
12. Explain the elements of cost
13. Explain the term time booking. What are its objectives?
14. Distinguish between cost allocation and apportionment?
15. What is profit centre?
16. What is cost control and cost reduction?
17. State the difficulties in the installation of a costing system.
18. What do you mean by under absorption of overheads?
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. Distinguish between scrap and spoilage.

(2 x 8 = 16)

PART C*Answer **any five** questions. Each question carries 5 marks.*

21. 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.

22. From the following information prepare cost sheet.

Opening balance of raw materials	15,000
Purchase of raw materials	2,25,000
Wages paid	1,15,000
Factory overheads	46,000
Opening balance of working progress	6,000
Closing balance of working progress	7,500
Closing balance of raw materials	12,500
Opening balance of finished goods	30,000
Closing balance of finished goods	27,500
Selling and distribution overheads	10,000
Administration overhead	15,000
Sales	4,50,000

23. State the essentials of a sound wage system.

- Minimum consumption -100 units per day
- Maximum consumption -150 units per day
- Normal consumption -120 units per day
- Reorder period – 10 to 15 days.
- Reorder quantity – 1500 units.
- Reorder period – 12 days.

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

25. What is ABC analysis? Explain its advantages.

26. Distinguish between time keeping and time booking.

27. Explain the function-wise classification of overheads.

(5 x 5 = 25)

PART D

Answer any two questions. Each question carries 12 marks.

28. 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 $\frac{1}{4}$ th of the total area of the shop. The supervisor devotes $\frac{1}{5}$ th of his time for supervising this machine.

29. Define cost accounting. Explain briefly the objectives of cost accounting. State the limitations of cost accounting.

30. From the following details, write up stores ledger accounts under FIFO and LIFO methods.

Jan 1 Opening balance 100 units at Rs. 5 each

Jan 5 Received 500 units at Rs 6

Jan 7 Issued 300 units

Jan 9 Issued 100 units

Jan 12 Received 500 units at Rs.5

Jan 14 Received 400 units at Rs.5.50

Jan 20 Issued 350 units

Jan 24 Issued 150 units

Jan 27 Received 250 units at Rs. 5.75

Jan 31 Issued 200 units

The stock verifier found a shortage of 10 units on 16 January and another shortage of 15 Units on January.

31. The net profit of a manufacturing company for the year ended 31st March, 2018 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 charges 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 charges 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

(12 x 2 = 24)