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B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2017

Fifth Semester

Core 13—COST ACCOUNTING

(Common for Model I and Model II and UGC sponsored B.Com. Programme)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Answers may be written either in English or in Malayalam.

Section A

Answer all questions.

Each question carries 1 mark.

1. What do you mean by Cost Unit ?
2. What is absorption costing ?
3. What do you mean by re-order level ?
4. Explain ABC analysis.
5. What do you mean by time keeping ?
6. What is apportionment of overhead ?
7. What is factory cost ?
8. Give two examples for pure financial income.
9. Define Spoilage.
10. What is stores ledger ?

(10 × 1 = 10)

Section B

Answer any eight questions.

Each question carries 2 marks.

11. What is minimum level of materials ? What are the factors affecting fixation of minimum level ?
12. Briefly explain different types of costing.
13. What is labour turnover ? What are the preventive costs of labour turnover ?
14. Distinguish between fixed, variable, and semi-fixed expenses. Give examples.
15. What do you mean by cost of goods sold ? What are the components of cost of goods sold ?
16. What do you mean by reconciliation ? What is the need for reconciliation ?
17. What are the advantages of perpetual inventory system ?
18. What are the disadvantages attached to overtime working ?

Turn over

19. Distinguish between cost centre and profit centre.
 20. What is LIFO? What are the advantages of LIFO?
 21. Calculate E.O.Q. :
 Annual usage—Rs. 1,200 units
 Cost of placing and receiving an order—Rs. 24
 Annual carrying cost—20 %
 Price per unit—Rs. 20.
 22. Calculate the earnings of the worker A under Taylor's Differential Piece-Rate method :
 Normal rate/hour—Rs. 9
 Standard time/unit—10 seconds
 Differentials to be applied :
 80% of piece rate below standard.
 120% of piece rate at or above standard.
 Worker A produces 2,500 units per day and worker B produces 3,000 units per day.
 Working hours in a day—8 hours.

(8 × 2 = 16)

Section C

Answer any six questions.

Each question carries 4 marks.

23. Calculate the earnings of the worker A, B and C under straight piece rate system and Merrick's multiple piece rate system :
 Normal rate/hour—Rs. 9
 Standard time/unit—1 minute
 Working hour—8 hours
 Worker A produces 350 units, worker B produces 450 units and worker C produces 500 units in a day.
 24. From the following compute maximum, minimum and re-order level :
 ✓ Minimum consumption—200 units per day
 Maximum consumption—350 units per day
 Normal consumption—300 units per day
 Re-order period—15—20 days
 Re-order quantity—2,000 units
 Normal re-order period—17 days.
 25. Calculate the normal and overtime wages payable to a workman from the following data :

Days	Hours Worked
Monday	9 hours
Tuesday	10 hours
Wednesday	8 hours
Thursday	9 hours
Friday	11 hours
Saturday	5 hours
	<u>52 hours</u>

- Normal working hours in a day 8 hours/day.
 Normal rate/hour = Rs. 2/hour.
 Upto 9 working hours pay at single rate and above 9 working hours at double rate or upto 48 working hours in a week pay at single rate and above 48 working hours at double rate, whichever is beneficial to the worker.
 26. Akshara industries absorb overhead at Rs. 4/labour hour.
 Following details are extracted for 31 March 2013 :
 Direct labour hours worked—60,000
 Indirect labour cost—Rs. 45,000
 Indirect material cost—Rs. 25,000
 Depreciation on plant—Rs. 65,000
 Miscellaneous factory overhead—Rs. 70,000
 Calculate the overhead under/over absorbed.
 27. Compute cost of production from the following :
 Cost of raw materials on 1 March 2014—Rs. 40,000
 Raw material purchases—Rs. 3,00,000
 Cost of raw materials on 31 March 2014—Rs. 60,000
 Direct labour cost Rs. 50,000
 Factory overhead—Rs. 30,000
 Direct expenses—Rs. 7,000
 Office overhead—Rs. 15,000.
 28. State the treatment of the following items to arrive at the financial profit from the profits as per cost accounts :
 (a) Works overhead under recovered.
 (b) Administration overhead over-recovered.
 (c) Depreciation charged only in financial accounts.
 (d) Interest on investment.
 (e) Loss of obsolescence charged only in financial account.
 (f) Goodwill written-off.
 (g) Loss on the sale of furniture.
 29. Distinguish between Cost Accounting and Financial Accounting.
 30. Explain different types of material losses.
 31. What are the objectives of Cost Accounting?

(6 × 4 = 24)

Turn over

Section D

Answer any two questions.
Each question carries 15 marks.

32/ Value material issues are per FIFO method :

- Feb. 1/ Opening balance 1,000 units at Rs. 4
 6/ Received from vendor 500 units at Rs. 4.25
 15/ Received from vendor 200 units at Rs. 4.10
 25/ Received from vendor 350 units at Rs. 4.5
 28 Received from vendor 450 units at Rs. 4

Issues :

- Feb. 5/ 600 units, Feb. 8/ 500 units, Feb. 17/ 500 units, Feb. 19/ 100 units,
 Feb. 27/ 200 units, Feb. 29/ 400 units.

33. Re-apportion the overheads of service departments through step method :

Production Dept.			Service Dept.			
P1	P2	S1 (Time keeping)	S2 (Stores)		S3 (Maintenance)	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
8,000	12,000	2,000	1,000		4,000	
		S1	S2	S3	P1 P2	
No. of employees			10	10	20 10	
No. of stores requisitions				20	10 20	
No. of machine hours					60 20	

34. Following are the particulars for the period 31 March 2015 for 1000 dolls :

	Rs.
Cost of material	... 1,50,000
Wages	... 2,20,000
Manufacturing expenses	... 1,50,000
Depreciation	... 2,00,000
Rent, Rates and Insurance	... 40,000
Selling expenses	... 70,000
General expenses	... 60,000
Sales	... 12,00,000

The company plans to manufacture 2000 dolls during the next year. You are required to submit statements showing the price at which dolls would be sold to earn a profit of 10 % on selling price. Following are the additional information :

- Price of materials is expected to rise by 10 %.
- Wage rates are expected to show an increase of 10 %.
- Manufacturing expenses will rise in proportion to the combined cost of material and wages.
- Selling expenses will remain the same.
- Other expenses will remain unaffected by the rise in output.

35. What are the methods and techniques of Cost Accounting ?

(2 × 15 = 30)