

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015**Fifth Semester****Core 13—COST ACCOUNTING**

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

[2013 Admissions]

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each question carries 1 mark.

1. Define Cost Accountancy.
2. What is meant by marginal costing ?
3. What do you mean by a profit centre ?
4. What do you mean by chargeable expenses ?
5. What is danger level ?
6. What is LIFO ?
7. Define Waste.
8. What is meant by labour turnover ?
9. What is differential piece rate ?
10. What is meant by cost allocation ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. Differentiate selling overheads from distribution overheads. Give suitable examples.
12. What do you mean by cost control ? How is it different from cost reduction ?
13. What are the advantages of continuous stock taking ?
14. What are the objectives of material control ?
15. What is reorder level ? What factors do you consider while fixing reorder level ?
16. Distinguish between scrap and spoilage.
17. Distinguish between time keeping and time booking.

Turn over

18. Differentiate between time wage system and piece wage system.
19. What is Rowan plan ? What are its features ?
20. What are the components of works cost ?
21. Aswathy Ltd., has a weekly minimum and maximum consumption of material A at 50 units and 150 units respectively. The reorder quantity as fixed by the company is 600 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A for Aswathy Ltd.
22. The number of workers on rolls at the commencement of the year were 10,000 and at the end of the year 8,000. The number of separations and replacements during the year were 1,500 and 1,200 respectively. Calculate labour turnover ratio by the flux method.

(8 × 2 = 16)

Part C

*Answer any six questions.
Each question carries 4 marks.*

23. What are the reasons for disagreement in costing profit and financial profit ?
24. Explain the steps for installation of costing system.
25. What are the reasons for over and under absorption of overhead ?
26. The inventory records of ABC Ltd., showed the following information in respect of 3 items of materials viz., X, Y and Z.

	Opening Stock	Purchases	Closing Stock
	Rs.	Rs.	Rs.
Material X ...	7,000	2,15,000	12,000
Material Y ...	15,000	3,25,000	28,000
Material Z ...	22,000	1,75,000	16,000

Calculate the material turnover ratio of X, Y and Z.

27. A worker takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by results. His day rate is Rs. 7.50 an hour, the material cost of the product is Rs.40 and the overheads are recovered at 150% of the total direct wages. Calculate the factory cost of the product under :
- Piece work plan ;
 - Rowan plan ;
 - Halsey plan.
28. Compute the machine hour rate from the following data :—

	Rs.
Cost of the machine ...	1,00,000
Installation charges ...	10,000

	Rs.
Estimated scrap value after life time (15 years) ...	5,000
Rent and rate for the month ...	2,000
Lighting charges per month ...	300
Insurance per annum ...	960
Repair charges per annum ...	1,000

Power consumption 10 units per hour at 60 paise per unit.

Estimated working hours 2,200 per annum (this includes setting up time of 200 hours).

Supervisors salary per month Rs. 3,000.

The machine occupies 1/4 th of the space in the workshop and the supervisor devotes 1/5th of his time for the machine.

29. The following information has been obtained from the costing records of Saraswathy Ltd., for the month of July 2015 :—

	On 1 st July 2015 (In rupees)	On 31 st July 2015 (In rupees)
Cost of Raw Materials ...	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 materials ...		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 2015.

30. From the following particulars applicable to a work process :—

Time rate: Rs. 5 per hour

High Task : 40 units per week.

Piece rate above high task ; Rs. 6.50 per unit

In a 40- hour week each of the following workers produced :—

A-35 units ; B-40 units ; C-41 units ; D-52 units.

Calculate the wages of the workers under Gantt Task and Bonus plan.

31. From the following data for the last 12 months, compute the average stock level for a component :—

Maximum usage in a month : 300 units ;

Minimum usage in a month : 200 units ;

Average usage in a month : 225 units ;

Time lag for procurements : Maximum 6 months ; Minimum 2 months

Reorder quantity 750 units.

(6 × 4 = 24)

Part D

*Answer any two questions.
Each question carries 15 marks.*

32. The financial profit and loss account of a manufacturing company for the year ended 31st March 2015 is as follows :

	Rs.		Rs.
To Materials consumed	... 50,000	By Sale	... 1,24,000
Carriage inwards	... 34,000		
Works expenses	... 12,000		
Direct wages	... 1,000		
Administration expenses	... 4,500		
Selling and Distribution expenses	... 6,500		
Debenture interest	... 1,000		
Net Profit	... 15,000		
	<u>1,24,000</u>		<u>1,24,000</u>

The net profit shown by the cost accounts for the year is Rs.16,720. On detailed comparison of the two sets of accounts it is found that :

- (a) The amount charges in the cost accounts in respect of overhead charges as follows :

	Rs.
Works overhead	... 11,500
Office overhead	... 4,590
Selling and distribution overhead	... 6,640

- (b) No charge has been made in the cost accounts in respect of debenture interest.
(c) You are required to reconcile the profits shown by the two set accounts.

33. Sanjai company has five departments, P, Q, R and S are production departments and T is a service department. The actual expenses for the period are as follows :

	Rs.
Repairs ...	3,500
Rent ...	2,500
Depreciation ...	1,750
Supervision ...	5,600
Insurance of stock ...	1,600
Employer's contribution to PF ...	1,200
Lighting ...	1,250

The following are other informations :—

Particulars	Dept. P	Dept. Q	Dept. R	Dept. S	Service Dept. T
Floor area-Sq. ft ...	140	120	110	90	40
Number of workers ...	5	4	2	2	1
Total wages (Rs.) ...	10,000	8,000	5,000	5,000	2,000
Value of plant (Rs.) ...	20,000	18,000	16,000	10,000	6,000
Value of stock (Rs.) ...	15,000	10,000	5,000	2,000	-

Apportion the costs to the various departments on a logical basis.

34. With the help of the following information, prepare the stores ledger card based on the weighted average method of pricing issues :—

September	1	Opening balance 24,000 kg at Rs. 7,500 per tonne
	1	Purchase 44,000 kg. at Rs. 7,600 per tone
	1	Issue 1,000 kg.
	5	Issue 16,000 kg.
	12	Issue 24,000 kg.
	13	Purchase 10,000 kg. at Rs.7,800 per tone
	18	Issue 24,000 kg.
	22	Purchase 50,000 kg. at Rs. 8,000 per tone
	28	Issue 30,000 kg.
	30	Issue 22,000 kg.

35. What do you mean by elements of cost ? Explain the different elements of cost.

(2 × 15 = 30)