

Reg. No. :

Code No. : 12047 E Sub. Code : AMCO 52

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2022.

Fifth Semester

Commerce – Core

COST ACCOUNTING

(For those who joined in July 2020 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Cost accounting differs from financial accounting in respect of
 - (a) Reporting of cost
 - (b) Ascertaining cost
 - (c) Control of cost
 - (d) Recording cost

2. _____ includes Direct Material, Direct labour and Direct expenses.
(a) Works cost (b) Cost of production
(c) Cost of sales (d) Prime cost
3. Which of the following is an accounting record _____?
(a) Bill of material (b) Bin card
(c) Stores ledger (d) ABC analysis
4. When prices fluctuate widely, the method that will smooth out the effect of fluctuation?
(a) Simple average (b) Weighted average
(c) LIFO (d) FIFO
5. The incentive plan which offers 50% labour time saved is
(a) Taylor method (b) Halsey premium
(c) Halsey weir (d) Rowan method
6. Bad debt is an example of _____.
(a) Administration overhead
(b) Selling overhead
(c) Distribution overhead
(d) Over absorbed overhead

7. The method of costing applicable to textile industry is _____.
(a) Batch costing (b) Job costing
(c) Process costing (d) Contract costing
8. The type of process loss that should not effect the cost of inventory value is _____.
(a) Abnormal loss (b) Normal loss
(c) Standard loss (d) Actual loss
9. Cost unit for a passenger transport is _____.
(a) Per patient bed
(b) Per man show
(c) Per passenger kilometre
(d) Road maintenance
10. Which of the following items is not included in financial books?
(a) Interest on capital (b) Notional rent
(c) Income tax paid (d) Donations

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) What are the objectives of cost accounting?

Or

- (b) Calculate cost of production of goods sold from the information given below :

Works cost Rs. 77,120

Administrative overheads Rs. 22,140

Opening stock of finished goods Rs. 11,180

Closing stock of finished goods Rs. 8,880.

12. (a) Explain ABC method of stock control.

Or

- (b) Find out the economic order quantity (EOQ) from the following particulars :

Annual usage : 6,000 units

Cost of materials per unit : Rs. 20

Cost of placing and receiving one order : Rs. 60

Annual carrying cost of one unit : 10% inventory value

13. (a) Calculate the earnings of a worker under :

(i) Time rate method

(ii) Piece rate method

Standard time – 30 hours

Time taken – 20 hours.

Hourly rate of wages in Re. 1 per hour
plus a D.A. @ Rs. 0.50 paise per hour
worked.

Or

- (b) Write a note on :

(i) Fixed and

(ii) Variable overheads.

14. (a) The following information is available in respect of Process A.

Material – 1000 k = kg @ Rs. 6 per kg

Labour – Rs. 5,000

Direct expenses – Rs. 1,000

Indirect expenses allocated to process A – Rs. 1,000

Normal wastage 10% of input

Prepare process A account.

Or

- (b) What are the advantages of process costing?

15. (a) From the following data calculate the cost per mile of a bus :

	Rs.
Value of the vehicle	2,00,000
Garage rent per year	2,400
Insurance charge per year	800
Road tax per year	1,000
Driver's wage per month	1,200
Cost of diesel per litre	20
Tyre maintenance per mile	4.00
Estimated life	1,50,000 miles
Miles run per litre of diesel	10 miles
Estimated annual mileage	6,000 units

Or

- (b) From the details given below, find out profit as per financial accounts :
- Profit as per cost accounts Rs. 1,50,300
 - Factory overheads under charged in cost accounts Rs. 8,000

- Administration overheads under charged in financial accounts Rs. 3,000
- Depreciation over charged in cost a/c Rs. 1,900
- Bad debts written off Rs. 650
- Interest on Deposits Rs. 940.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) List out the different methods of costing.

Or

- (b) A manufacturing concern requires a statement showing the result of its operations for September, 2018. Cost records give the following information :

	Rs.
Purchase of raw materials	88,000
Direct wages	70,000
Indirect wages	2,500
Works expenses	37,000

	Rs.
Administrative expenses	13,000
Sale of factory scrap	2,000
Selling and distribution expenses	15,000

17. (a) Two components X and Y are used as follows :

Normal usage 4,500 units per week each

Minimum usage 2,250 units per week each

Maximum usage 6,750 units per week each

Re-order Quantity :

X = 19,500 units

Y = 21,000 units

Re-order period :

X = 3 to 5 weeks

Y = 2 to 4 weeks.

Calculate for each of the components :

(i) Re-order level

(ii) Minimum level

(iii) Maximum level.

Or

(b) From the following particulars prepare the stores ledger by adopting first in first out method :

2013

March 1 Purchased 300 units @ Rs. 2 per unit

2 Purchased 600 units @ Rs. 3 per unit

5 Issued 400 units

8 Issued 200 units

10 Purchased 600 units @ Rs. 5 per unit

12 Issued 400 units

18. (a) Calculate Labour turnover under :

(i) Separation method and

(ii) Flux method.

Total no. of employees at the beginning 2010

Total no. of employees at the end 1990

No. of employees resigned 30

No. of employees discharged 50

No. of employees replaced 40

Or

(b) Shobana industries Ltd. has four departments, A, B, C are production departments and D is the service department. The actual expenses for a month were as following :

	Rs.
Rent	6,000
Repairs to plant	3,600
Depreciation	2,700
Lighting charges	600
Supervision	9,000
Insurance stock	3,000
Power	5,400
Employee's insurance Employer's liability.	900

The following information is also available.

	Dept. A	Dept. B	Dept. C	Dept. D
Area sq.ft.	300	220	180	100
No. of workers	48	32	24	16
Total wages	Rs. 8,000	6,000	4,000	2,000
Value of plant	Rs. 24,000	18,000	12,000	6,000
Value of stock	Rs. 15,000	9,000	6,000	-

Apportion the costs to four departments on the most equitable method.

19. (a) What are the features of Process costing?

Or

(b) A product passes through three Processes, I, II and III. From the following information, Prepare the processes accounts, assuming that there were no opening or closing stocks.

	Processes		
	I (Rs.)	II (Rs.)	III (Rs.)
Materials	1,000	1,500	500
Labour	5,000	8,000	6,500
Overheads	1,050	1,188	2,009
Actual output (units)	9,500	9,100	8,100
Normal loss	3%	5%	8%

The wastage of Process I was sold at 25 paise per unit, that of Process II at 50 paise per unit and that of Process III at Re. 1 per unit. 10,000 units were issued to the Process I in the beginning at a cost of Re. 1 per unit.

20. (a) What are the benefits of Operating costing in transport organizations?

Or

- (b) The following particulars relate to a contract :

	Rs.
Materials issued	42,000
Wages	30,000
Direct expenses	25,000
Materials on hand at end	2,000
Work certified	1,60,000
Work uncertified	15,000
Contract price	3,00,000
Cash received	1,20,000

Prepare contract account.
