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B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2018

Fifth Semester

Core Course 13—COST ACCOUNTING

(Common for Model I and Model II and U.G.C. Sponsored B.Com. Degree Programme)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each question carries 1 mark.

1. What is EOQ ?
2. State the main objectives of cost accounting.
3. Explain JIT.
4. What is a cost centre ?
5. What is meant by scrap ?
6. Define indirect labour.
7. What is a Bin Card ?
8. Define chargeable expenses.
9. Explain piece rate system of wage payment ?
10. What is a sunk cost ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. What do you mean by the term absorption ?
12. Explain ABC analysis.
13. Distinguish between Perpetual and Periodic inventory system.
14. What is a cost sheet ?
15. "Direct costs and controllable costs are not necessarily the same". Comment.
16. Give the meaning of Activity Based Costing.
17. What do you mean by fringe benefits ?
18. Distinguish between Cost accounting and Management accounting.

Turn over

19. What is work- in- progress ?
20. What is a group bonus scheme ?
21. Compute minimum stock level from the following information :—

Usage per unit	Rs. 20
Re-order quantity	15,750 units
Delivery period	3 to 5 days
Re-order Level	12,250 units
Weekly production	120 units to 180 units

22. The number of employees in a company at the beginning of the year was 3056. During the year 47 persons were recruited and 72 left the jobs. Calculate labour turnover percentage under replacement method.

(8 × 2 = 16)

Part C

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

23. Explain different techniques of inventory control.
24. What are the causes for disagreement of profits between Cost Accounts and Financial Accounts?
25. "Costing system has become an essential tool in the hands of management" Comment.
26. Explain the causes leading to idle time and how you would treat idle time in cost accounting ?
27. Explain the material purchase procedure.
28. On the basis of the following information, calculate the earnings of R and S under straight piece Rate system and Taylor's Differential Piece Rate System :

Standard Production - 6 units in 30 minutes.

Normal time rate - Rs. 40 per hour.

Differentials applied.

80 % of piece rate below standard.

120 % of piece rate at or above standard.

In a nine hour day, R produces 55 units and S produces 72 units.

29. With the help of following information obtained from the stores records of a factory, prepare the Stores Ledger Card based on Weighted Average Method of pricing of issues.

April 1 Opening Balance 42, 000 units @ Rs. 8.60.

April 2 Received 24,000 units @ Rs. 8.70.

April 4 Issued 12,000 units.

April 7 Issued 42,000 units.

April 8 Received 15,000 units @ Rs. 9.60.

April 12 Issued 22,000 units.

April 17 Received 55,000 units @ Rs. 10.30.

April 28 Issued 35,000 units.

30. 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 @ Re. 3.50 per unit Each machine can work 200 hours per month.	

31. Calculate the earnings of a worker under Time rate method, Piece rate method, Halsey plan and Rowan plan if hourly rate of wage is Rs. 45 plus a D.A. @ 50 % of hourly rate.

Standard time : 52 hours

Time Taken : 48 hours

(6 × 4 = 24)

Part D

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

32. Describe the various costs used in decision- making and explain their characteristics.
33. A company has four production departments P1, P2, P3, and P4 and two service departments S 1 and S 2. The particulars of expenses of the respective departments are as follows:

	Rs.
P1	1,10,000
P2	99,000
P3	88,000
P4	77,000
S 1	55,000
S 2	38,000

The service department's expenses are charged out on a percentage basis given below :

	Production departments				Service Departments	
	P1	P2	P3	P4	S 1	S 2
S1	10 %	30 %	20 %	20 %	-	20 %
S2	30 %	20 %	30 %	10 %	10 %	-

Apportion the service department expenses to various production departments on Simultaneous Equations Method.

Turn over

34. Prepare a statement showing cost and profit per unit from following extracts of costing information for the year ending 31-03- 2017 and calculate the selling price to obtain a profit of 25% on selling price :

	Rs.
Raw materials consumed	... 4,75,000
Factory Insurance and Taxes	... 25,000
Plant Repairs	... 15,000
Direct Wages	... 8,00,000
Purchase of Raw Material	... 4,90,000
Indirect labour	... 2,00,000
Power and Lighting	... 1,00,000
Other Factory Expenses	... 25,000
Depreciation of Plant	... 80,000
Factory cost of goods produced during the period	... 14,00,000
Salesman's salary	... 2,20,000
Distribution charges	... 1,10,000
Cost of goods sold during the period	... 8,00,000
Raw material on 01-04-2016	... 50,000
Finished Goods on 01-04-2016	... 2,50,000
Work-in-Progress on 01-04-2016	... 70,000

35. The net profit of a company appeared at Rs. 6, 40,000 as per cost records for the year ending 31st March 2017. The financial books, however, showed a net loss of Rs. 5, 25, 800 for the same period. Prepare a statement showing reconciliation between the figures of net loss as per Cost Accounts and the figures of net profits as shown in the financial books considering the following details :

	Rs.
Works overhead recovered in costs	... 1,44,000
Works overhead recovered in financial accounts	... 1,64,000
Office and Administration overheads absorbed	... 1,20,000
Depreciation charged in financial accounts	... 92,000
Depreciation recovered in cost Accounts	... 78,000
Loss due to obsolescence charged in financial accounts	... 2,000
Office and Administration overheads charged in financial accounts	... 1,04,000
Bad debts recovered	... 8,000
Income tax provided in financial accounts	... 1,52,000
Bank Interest in financial accounts	... 6,400
Transfer fees received	... 2,400
Stores adjustment (credit in financial books)	... 1,200
Share transfer expenses	... 5,200
Interest on owned capital in cost books	... 64,000
Bad debts written off	... 14,000
Loss by theft charged in financial accounts	... 5,000

(2 × 15 = 30)