**B.Com. (Hons) DEGREE EXAMINATION, NOVEMBER 2017.**

**III Year — V Semester**

**Core Major-Paper XXI - COST ACCOUNTING**

**Time : 3 Hours Max. Marks : 75**

**SECTION A – (10 × 2 = 20 marks)**

**Answer *ALL* questions**

1. What are the objectives of cost accounting?
2. What are elements of cost?
3. Define inventory control?
4. Compute EOQ from the following

Annual usage = 12,000 units (360 days), Buying cost per order `12,

Inventory carrying cost 20% p.a. , Cost per unit `1.

1. Define perpetual inventory system?
2. Calculate Labour Turnover Rate under flux method

Number of workers separated 140

Number of workers replaced 40

Number of workers in the beginning of the month 950

Number of workers at the end of the month 1050

1. What are the methods of remuneration?
2. Calculate MHR `

Standing charges 3

Depreciation 10

Repairs 0.50

Power 2

1. What is material requisition?
2. What is Notional profit?

**SECTION B – (5 × 5 = 25 marks)**

**Answer any *FIVE* questions**

1. What are the advantages of cost accounting?
2. From the following information, calculate:
3. Minimum stock level
4. Maximum stock level
5. Re- ordering level

Minimum usage - 100 units per day

Maximum usage - 150 units per day

Re- order period - 10 to 15 days

Re- order quantity - 1500 units

Normal re- order period - 12 days.

1. From the following , calculate wages under Haling and Rowan system:

Time allowed : 40 hours

Time taken : 32 hours

Rate per hour : ` 5.00

1. Prepare cost sheet: Raw materials used ` 60,000, wages `15,000, work expenses 100% of wages,

Office expenses 25% of works cost, selling overhead 10% of cost of production.

1. Calculate the machine hour rate for machine A from the following Data:

Cost of the machine `1,600

Estimated scrap value ` 100

Effective working life 10,000

Running time per four-weekly period 160 hours

Average cost of repair and maintenance

charge per four weekly periods ` 12.00

Standing charges allowed to machine A

per four-weekly period `4.00

Power used by machine 4 units per hour at a cost of `0.35 per unit.

[P.T.O.]

1. Write a note on ABC analysis.
2. The profit as per cost accounts was `1, 50,000. Calculate the profit as per financial accounts on the basis of the following information:
3. Works over heads were under recovered in cost account by `6,200.
4. Administration expenses were under recorded in financial accounts by ` 2, 750.
5. Depreciation charges over-recovered in cost accounts `1, 900.
6. Interest received on investment `1,000.
7. M/s. Kishore and Company commenced work on a particular contract on 1 st April 1990. They close their books of accounts for the year on 31 st December each year. The following information is available from their closing records on 31-12-1996:

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Material sent to site 50,000

Foreman’s salary 12,000

Wages paid 1, 00,000

A machine costing `32,000 remained in use on site for 1/5th of the year. Its working life was estimated at 5 years and scrap value at `2,000. A supervisor is paid `2,000 per month and had devoted one half of his time on the contract.

All other expenses were `15,000. The material on site was `9,000. The contract price was ` 4, 00,000. On 31 st December, 2/3 rd of the contract was completed. However, the architect gave certificate only for `2, 00,000 on which 75% was paid.

Prepare the contract account in the company’s books.

**SECTION C – (2 × 15 = 30 marks)**

**PART – A – Case Study – Compulsory Question**

1. The following data have been extracted from the books of M/s Varun industries for the calendar year

2004.

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Opening stock of raw material 25,000

Purchase of raw materials 85,000

Closing stock of raw materials 40,000

Carriage inwards 5,000

Wages- Direct 75,000

- Indirect 10,000

Other direct charges 15,000

Rent and rates – factory 5,000

* Office 500

Indirect consumption material 500

Depreciation – Plant etc. 1,500

* Office furniture 100

Salary – office 2,500

* Salesmen 2,000

Other factory expenses 5,700

Other office expenses 900

Managing Director’s remuneration 12,000

Other selling expenses 1,000

Travelling expenses of salesmen 1,000

Carriage and freight outward 1,000

Sales 2, 50,000

Advance income tax paid 15,000

Advertisement 2,000

The Managing Director’s remuneration is to be allocated as `4,000 to the factory, `2,000 to the

office and `6,000 to the selling departments. From the above information find out:

1. Prime cost
2. Works cost
3. Cost of production
4. Cost of sales and
5. Net profit.
6. What is your inference about the costing position of M/s Varun industries .

**PART – B**

**Answer any *ONE* question**

1. From the following details, write stores ledger account using simple average method

2010 Dec. 1 Opening balance 100 kg @ `5/-

5 Received 50 kg @ ` 5.20/-

8 Issued 120 kgs

10 Issued 10 kgs

15 Received 80 kgs @ `5.40/-

18 Issued 50 kgs

20 Received 100 kgs @ `5.60/-

25 Issued 40 kgs

29 Issued 60 kgs

The stock verifier found a shortage of 10 kgs. on 16/12/2010 and another shortage of 10 kgs on 26/12/2010.

1. In a Light Engineering Factory, the following particulars have been collected for the three monthly period ended 31-12-1988. Compute the departmental overhead rates for each of the production departments, assuming that overheads are recovered as a percentage of direct wages.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Production department | | | Service department | |
| A | B | C | D | E |
| Direct wages (`)  Direct materials  Staff (Nos.)  Electricity (kwh)  Light points (Nos.)  Assets value (`)  Area occupied (Sq.mts.) | 2,000  1,000  100  4,000  10  6,000  150 | 3,000  2,000  150  3,000  16  40,000  250 | 4,000  2,000  150  2,000  4  3,000  50 | 1,000  1,500  50  1,000  6  10,000  50 | 2,000  1,500  50  1,000  4  10,000  50 |

The expenses for the period were:

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Motive power - 150 Amenities to staff - 1,500

Lighting power - 100 Repairs and maintenance - 3,000

Stores overhead - 400 General overhead- 6,000

Depreciation - 15,000 Rent and taxes - 275

Apportion the expenses of service department E proportionate to direct wages and that of service department D in the ratio of 5:3:2 to departments A, B and C respectively.

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