

**B.Com DEGREE EXAMINATION, APRIL 2020**  
**III Year V Semester**  
**Cost Accounting**

**Time : 3 Hours**

**Max.marks :75**

**Section A** (10 × 2 = 20) Marks

Answer any **TEN** questions

1. List out the methods of classifying cost.
2. Explain 'Cost' and 'Profit' centres.
3. A manufacturing concern requires a statement showing the result of its production operations for September 2008. 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
Administrative Expenses	13,000
Sale of Factory scrap	2,000
Selling and Distribution expenses	15,000
Sales	2,84,000

Prepare Cost Sheet

4. Ascertain the cost of goods sold :

	Rs.
Net works cost	2,00,000
Office overhead	40,000
Selling overhead	30,000
Opening stock of finished goods	8,000
Closing stock of finished goods	10,000

5. What is EOQ? How is it computed?
6. From the following particulars, calculate the EOQ  
 Annual requirements 10,800 kgs.  
 Cost of purchasing and receiving one order Rs.1,000  
 Annual carrying cost Rs.20

7. Find out the value of materials issued under FIFO

Opening Stock	:	200 units @10 per unit
Purchase	:	400 units @15 per unit
Issue	:	300 units

8. Write a note on Taylor's Differential Piece Rate.
9. Calculate the earnings of a work under Hasley plan :  
 Time allowed 48 hours  
 Time taken 40 hours  
 Rate per hour Re.1
10. Explain the different methods of secondary apportionment of overheads.

11. Calculate machine hour rate from the following :

Cost of machine Rs.19,200

Estimated Scrap value Rs.1,200

Effective working life of machine 10,000 hours

Power used by machine 5 units per hour @Re. 0.19 per unit.

12. Compute the depreciation chargeable to each department.

Depreciation : Rs.55,000

Machinery Value in Department :

A : Rs.2,00,000 ; B : Rs.4,00,000 ; C : Rs.5,00,000

### Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. Explain the steps to be taken for the installation of a costing system.

14. Prepare reconciliation statement from the following :

	Rs.
Net profits as per cost accounts	2,00,000
Income Tax	60,000
Share transfer fee credited	4,000
Provision for doubtful debts	20,000
Overheads as per cost accounts	34,000
Overheads as per financial books	28,000
Directors' fees in financial books only	8,000
Depreciation charged only in finance books	7,000
Closing stock in cost accounts	18,750
Closing stock in financial books	20,750
Goodwill written off	9,000
Stores adjustment(credit in financial books)	1,000
Interest on investments	4,000

15. The following information pertaining to a firm is available :

Annual Consumption 12,000 units(360 days)

Cost per unit Re.1

Cost per order Rs.12

Inventory carrying cost 20% p.a.

Lead time (Maximum, Normal and Minimum) 30-15-5 (days)

Daily consumption (Maximum, Normal and Minimum) 45-33-15 (units)

Calculate Inventory levels.

16. The following quotation is received from a supplier in respect of Material X:

Lot Price : 10,000 units at Rs.25 per unit

20,000 units at Rs.20 per unit

Trade discount 25%. Cash discount at 5% (if payment is made within a week). Freight charges Rs.1,000 per order. Containers, one for every 1,000 units, are charged at Rs.250 each. If they are returned within 2 months, credit will be given at Rs.230 each.

Calculate the material cost for Rs.20,000 units, assuming the containers will be returned

17. From the following particulars prepare a statement showing the labour cost per man-day of 8 hours.

- Basic Salary - Rs.2 per day
- Dearness allowance - 25 ps for every point over 100 (cost of living index for working class). Current cost of living index is 700 points.
- Leave Salary - 10% of (a) and (b)
- Employer's contribution to P.F. - 8% of (a), (b) and (c)
- Employer's contribution to state insurance 2.5% of (a), (b) and (c)
- Expenditure on amenities to labour Rs. 20 per head per mensem.
- Number of working days in a month – 25 days of 8 hours each.

18. A machine was purchased on January 1-1998. The following relate to the machine .

Cost of machine	Rs. 40,000
Estimated life	15 years of 1,800 hours per year
Estimated scrap value	Rs. 2,500
Estimated repairs for whole life	Rs. 10,500
Power consumed per hour 15 units at	Re. 0.07 per unit
Insurance	Rs. 75 per month
Consumable stores	Rs. 25 per month

The machine is installed in a department whose monthly rent is Rs.500 and this machine occupies 1/5th of the area. Total monthly lighting cost Rs.40 for 10 light points, of which 3 relate to the machine. A supervisor with monthly salary of Rs.500, devotes 1/4th of his time to this machine. Calculate machine Hour Rate.

19. A factory has three production departments A,B and C and two service apartments X and Y. The overhead costs of the different departments incurred during march 2007 are as follows:

Departments	Costs(Rs.)
A	10,000
B	8,000
C	6,000
X	5,000
Y	3,000

The costs of department X have to be charged in the ratio 2 : 2 : 1 and those of department Y equally to Departments A, B and C respectively. Find out overhead costs of each production department.

### Section C ( $2 \times 15 = 30$ ) Marks

Answer any **TWO** questions

20. The accounts of ABC, Co. Ltd. show the following :

	Rs.
Material Used	7,00,000
Direct Labour	5,40,000
Works overhead	1,62,000
Establishment Overhead	1,12,600

What price should the company quote to manufacture a machine which will require an expenditure of Rs.1,000 in materials and Rs.800 in wages so that it will yield a profit of 20% on selling price? Make necessary assumptions regarding percentages.

21. The following information is extracted from the stores ledger :

Sep.	1	Opening Balance	500 units at Rs.10
	6	Purchases	100 units at Rs.11
	20	Purchases	700 units at Rs.12
	27	Purchases	400 units at Rs.13
Oct.	13	Purchases	1000 units at Rs.14
	20	Purchases	500 units at Rs.15
Nov.	17	Purchases	400 units at Rs.16

Issue of materials :

Sep.	9	-	500 units
	22	-	500 units
	30	-	500 units
Oct.	15	-	500 units
	22	-	500 units
Nov.	11	-	500 units

Issues are to be priced on the principle of 'FIFO'. Write the stores ledger account.

22. A worker takes 9 hours to complete a product on daily wages and 6 hours on a scheme of payment by results. His day rate is 75 paise an hour, the material cost of the product is Rs.4 and the overheads are recovered at 150% of the total direct wages. Calculate the factory cost of the product under :

- (a) Piece work plan
- (b) Rowan plan
- (c) Halsey plan

23. Calculate the overheads allocable to production departments A and B. There are also two service departments X and Y.

X renders service worth Rs.12,000 to 'Y' and the balance to A and B as 3:2.

Y renders service to A and B as 9:1

Particulars	A	B	X	Y
Floor space(Sq. ft.)	5,000	4,000	1,000	2,000
Assets( Rs. In lakhs)	10	5	3	1
H.P. of machines	1,000	500	400	100
No. of workers	10	50	50	25
Light and fan points	50	30	20	20

Expenses and charges are :

	Rs.		Rs.
Depreciation	1,90,000	Power	20,000
Rent, Rates & Taxes	36,000	Canteen expenses	10,800
Insurance	15,200	Electricity	4,800