

The contract prices have been agreed at ` 2,50,000 for Contract A and ` 2,00,000 for contract B.

Cash has been received from Contractees as follows: Contract A: ` 1,80,000 and Contract B

` 1,40,000.

Prepare Contract accounts, Contractee's account and show how the work-in- progress shall appear in the Balance sheet of the contractor.

30. A product passes through three processes – A, B and C. The details of expenses incurred on the three processes during the year 2017 were as under:

	A	B	C
Units issued	10,000		
	()	()	()
Cost per unit	100		
Sundry Materials	10,000	15,000	5,000
Labour	36,000	98,150	92,200
Sale price of output per unit	120	165	250

Management expenses during the year were Rs 80,000 and selling expenses were ` 50,000. These are not allocable to the processes.

Actual output of the three processes was : Process A - 9,300 units; Process B – 5,400 units; Process C – 2,100 units.

Two-thirds of the output of Process A and one half of the output of Process B was passed on to the next process and the balance was sold. The entire output of Process C was sold. The normal loss of the three processes, calculated on the input of every process was process A – 5%; Process B – 15%; Process C – 20%.

The loss of Process A was sold at ` 2 per unit, that of process B at ` 5 per unit and that of Process C at ` 10 per unit.

Prepare the three Process accounts and the Profit and Loss account.

31. “Costing system has become an essential tool in the hands of management”. Comment.

(2 x 15 = 30 Marks)

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(4)

(Pages: 4)

Name:

Reg. No.....

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2020

(CUCBCSS – UG)

(Regular/Supplementary/Improvement)

CC15U BC4 B05/CC16U BC4 B05/CC17U BC4 B05 - COST ACCOUNTING

(Core Course)

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Section - A

Answer *all* questions. Each question carries 1 mark.

A. Choose the correct answer.

- The cost which is unaffected by variation in the volume of output:
 - Fixed cost
 - Variable cost
 - Semi Variable cost
 - Uncontrollable cost
- Carrying cost is also known as:
 - Marginal cost
 - Normal cost
 - Holding cost
 - Buying cost
- Fixed cost per unit reduces, if the quantity of production:
 - Increases
 - Remain fixed
 - Decreases
 - None of these
- A budget that gives a summary of all the functional budgets and projected Profit and Loss account is known as:
 - Capital Budget
 - Master budget
 - Flexible budget
 - Discretionary budget
- Service costing is not used in one of the following:
 - Electricity
 - Transport
 - Hospitals
 - Electronics

B. Fill in the blanks.

- When the completion stage of a contract is less than $\frac{1}{4}$, the total expenditure on the contract is transferred to _____
 - If an expense can be linked with a specific cost unit, it is treated as _____
 - _____ rate is most suitable when quality of work is of prime importance.
 - _____ represents that quantity of material which is normally ordered when a particular material reaches ordering level.
 - When 1000 units are 60% complete in a process it is equivalent to _____ completed units.
- (10 x 1 = 10 Marks)

Section - B

Answer any *eight* questions. Each question carries 2 marks.

11. What is VED analysis?

12. An input of 5000 kgs of material is introduced into the process and the expected loss is 8% and if the actual output from the process is 4,300 kg, find the abnormal loss.
13. How would you calculate the earnings of a worker under Rowan Plan?
14. List out the differences between Bin Card and Stores ledger.

(1)

Turn Over

15. Define Cost Centre.
16. Distinguish between joint product and by product.
17. What is escalation clause?
18. Discuss the importance of budgetary control.
19. Mention any two merits of job costing.
20. Define scrap. Name the two kinds of scrap.

(8 x 2 = 16 Marks)

Section - C

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

21. Two components A and B are used as follows:
- | | | |
|---------------------|----------------------------------|-------------------------|
| Normal usage | : | 50 units per week each |
| Minimum usage | : | 25 units per week each |
| Maximum usage | : | 75 units per week each |
| Re – order quantity | A : | 300 units, B: 500 units |
| Re-order period | A: 4 to 6 weeks, B: 2 to 4 weeks | |
- Calculate for each component:
- a) Re-order level b) Maximum level c) Minimum level d) Average stock level
22. Critically examine the advantages and disadvantages of time wage and piece rate system.
23. A limited company furnishes the following data relating to the manufacture of a product during the year 2017.
- Production 1,000 units; Materials ` 20,000; Labour ` 12,000; Office overheads ` 4,000; Factory expenses ` 8,000; Selling expenses Rs 1,000 ; Profit 25% on selling price. The company decide to produce 1,500 units in 2018. It is estimated that
- a) The cost of materials will increase by 20%.
- b) The labour cost will increase by 10%.
- c) 50% of factory and office overheads are fixed and other 50% are variable.
- d) Selling expenses per unit will be reduced by 20 %
- e) The rate of profit will remain same
- Prepare a statement for 2018 showing a) Total profit b) Selling price per unit.
24. Mr. Manohar owns a fleet of ten taxis, each costing ` 20,000. He employs a manager to whom he pays ` 300 per month and an accountant who gets ` 250 per month. In addition, there is one

cleaner, getting ` 100 per month and a mechanic at ` 200 per month. Garage rent is ` 450 per month in total. The taxis have been insured at 3% p.a, the annual tax is ` 300 per taxi. For each taxi there is a driver who is paid ` 115 per month, in addition to 5 paise per km (carrying passengers). Annual repairs may be taken at ` 750 per taxi. The total life of the taxi may be taken at 2,00,000 kms. The taxi runs in all for 3,000 kms in a month of which 30% are empty. Petrol consumption is one litre for 10 kms at 80 paise per litre, Oil and sundries are at ` 2 per 100 kms. Calculate the cost of running a taxi per km.

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25. Explain the difference between financial accounting and cost accounting.

26. Calculate Machine Hour Rate from the following

Cost of Machine	` 19,200
Estimated scrap value	` 1,200
Average repair and maintenance charges per month	` 150
Standing charges allocated to machine per month	` 50
Effective working life of machine	10,000 hours
Running time per month	166 hours
Power used by machine:	5 units per hour @ 19 paise per unit

27. With the following data for 60% activity prepare a flexible budget for production at 80% and 100% activity.

Production at 60% activity	– 600 units
Materials	` 100 per unit ; Labour ` 40 per unit ; Expenses ` 10 per unit
Factory expenses	` 40,000 (40% fixed)
Administration expenses	` 30,000 (60% fixed)

28. Calculate the earnings of a worker from the following information as under:

a) Time rate method b) Piece rate method c) Halsey Plan d) Rowan Plan

Information given: Standard time : 30 hours ; Time taken 20 hours

Hourly rate of wages is Rs 1 per hour plus a dearness allowance @ 50 paise per hour worked.

(6 x 4 = 24 Marks)

Section - D

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

29. Amazing contractors have undertaken the following two contracts on 1st January 2017.

Contract A

Contract B

	()	()
Materials sent to site	85,349	73,267
Labour engaged on sites	74,375	68,523
Plants installed at sites at cost	15,000	12,500
Direct expenditure	3,167	2,859
Establishment charges	4,126	3,852
Materials returned to store	549	632
Work certified	1,95,000	1,45,000
Cost of work not certified	4,500	3,000
Materials in hand on 31 st December 2017	1,883	1,736
Wages accrued as on 31 st December 2017	2,400	2,100
Direct expenditure accrued on 31 st December 2017	240	180
Value of Plant on 31 st December 2017	11,000	9,500
	(3)	Turn Over