

Part B

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

29. A product passes through two processes A and B. Prepare Process accounts from the following:

| | Process A | Process B |
|---|-----------|-----------|
| 10,000 units introduced at cost (Rs.) | 20,000 | - |
| Materials consumed (Rs.) | 24,000 | 12,000 |
| Direct Labour (Rs.) | 28,000 | 16,000 |
| Manufacturing Expenses (Rs.) | 8,000 | 8,566 |
| Normal wastage on input | 5% | 10% |
| Scrap Value of normal wastage (Rs. per 100 units) | 40 | 50 |
| Output (units) | 9,400 | 8,500 |

Also prepare abnormal loss and abnormal gain account.

30. The cost of an article at a capacity level of 5,000 units is given under 'A' below. For a variation of 20% in capacity above or below this level, the individual items vary as indicated under 'B' below:

| | A | B |
|--------------------------|-----------------|----------------|
| | Rs. | |
| Material Cost | 25,000 | (100% varying) |
| Labour Cost | 15,000 | (100% varying) |
| Power | 1,250 | (80% varying) |
| Repairs & Maintenance | 2,000 | (75% varying) |
| Stores | 1,000 | (100% varying) |
| Inspection | 500 | (20% varying) |
| Depreciation | 10,000 | (100% varying) |
| Administration Overheads | 5,000 | (25% varying) |
| Selling Overheads | 3,000 | (25% varying) |
| | <u>62,750</u> | |
| Cost per unit | <u>Rs.12.55</u> | |

Find the unit cost of the product at production levels of 4,000 units and 6,000 units.

31. Outline the steps in the purchasing procedure from the time a need for material is determined until the material is stored and paid for.

(2 x 15 =30 Marks)

(4)

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(Pages:4)

Name:

Reg.No.....

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2018

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

CC15U BC4 B05/CC16U BC4 B05 - Cost Accounting

(Core Course)

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Part A

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

A. Choose the correct answer:

- Toy manufacturing Company should use
a) Unit Costing b) Job Costing c) Batch Costing d) Multiple Costing
- According to which of the following method of pricing, issues are close to current economic values?
a) LIFO b) FIFO
c) HIFO d) Weighted Average Price
- In which of the following wage system the time wages are not guaranteed
a) Halsey Plan b) Rowan Plan
c) Taylor's differential Piece Rate System d) Gantt's Task and Bonus Plan
- Charging to a cost centre with those overheads that result solely from the existence of that cost centre is known as
a) allocation b) apportionment c) absorption d) allotment
- Cost Plus Contract is usually applied in those cases where
a) Cost can be easily estimated
b) Cost cannot be easily estimated in advance accurately
c) Contractor wants to earn higher rate of profit d) None of these

B. Fill in the blanks:

- Conversion cost consists of
- The budget for the is prepared first and other budgets are subordinate to it
- Method of costing used in a textile mill is known as
- When volume of output increases, total cost also increases.
- Time wage system is also known as

(10 x 1 = 10 Marks)

Part B

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

- What is Cost Centre?
- What is Reorder Level?
- What is Labour Turnover?

(1)

Turn Over

- 14. What is meant by absorption of overheads?
- 15. Distinguish between abnormal loss and abnormal gain.
- 16. Annual demand is 3,000 units, unit price is Rs.5, ordering cost per order Rs.4, storage cost 2% per annum, interest rate 10% per annum, calculate Economic Order Quantity
- 17. What is Zero budgeting?
- 18. Distinguish between job costing and contract costing.
- 19. What is cost apportionment? How it is different from cost allocation?
- 20. In a week Mr. X manufactured 300 articles. He receives wages for a guaranteed 48 hour week at the rate of Rs.4 per hour. The estimated time to produce one article is 10 minutes and under incentive scheme the time allowed is increased by 20%. Calculate the wages under Halsey and Rowan Premium Plan.

(8 x 2 = 16 Marks)

Part C

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

- 21. The BP Oil Refineries Ltd. furnishes the following details for the month of March 2016:

| | |
|---|----------|
| | Rs. |
| Sales | 2,50,000 |
| Administration Expenses | 5,000 |
| Inventory on 1st March 2016:- | |
| 50 tones @ Rs.1,000 | 50,000 |
| Purchases:- | |
| 10th March - 150 tons @ Rs.800 | 1,20,000 |
| 20th March - 150 tons @ Rs.900 | 1,35,000 |
| Inventory on 31st March 2016 - 100 tons | |

Compute the following data by using FIFO Method

- (i) Value of closing inventory on 31st March 2016
- (ii) Cost of goods sold
- (iii) Profit or Loss for March 2016

- 22. From the following data relating to the manufacture of a standard product during the month of September 2016 prepare a statement showing cost and profit per unit

| | |
|--------------------|-------------------------|
| | Rs. |
| Raw materials used | 40,000 |
| Direct Wages | 24,000 |
| Man hours worked | 9,500 (hours) |
| Machine hour rate | 4 per hour |
| Office Overheads | 20% on works cost |
| Selling Overheads | Re.1 per unit |
| Units Produced | 20,000 |
| Units Sold | 18,000 @ Rs.10 per unit |

(2)

- 23. The following was the expenditure on a contract for Rs.24,00,000 commenced in January 2016:

| | |
|-----------|----------|
| | Rs. |
| Materials | 5,00,000 |
| Wages | 6,56,000 |
| Plant | 80,000 |
| Overheads | 34,400 |

Cash received on account of the contract up to 31st December was Rs.9,60,000 being 80% of the work certified. The value of materials returned to store was Rs.20,000 and materials on hand at the end of the period was Rs.40,000. Wages accrued amounted to Rs.1,000. The plant had undergone 20% depreciation. Prepare Contract Account.

- 24. Calculate Machine Hour Rate from the following:

- (i) Cost of Machine Rs.22,100
- (ii) Estimated scrap value Rs.2,200
- (iii) Average repairs and maintenance charges per month Rs.170
- (iv) Standing Charges allocated to the machine per month Rs.60
- (v) Effective working life of machine 10,000 hours
- (vi) Running time per month 166 hours
- (vii) Power used by machine: 5 units per hour @20 paise per unit

- 25. A transport company is running four buses between two towns which are 50 kms. apart. Seating capacity of each bus is 40 passengers. Actual passengers carried were 75 % of the seating capacity. All the four buses ran on all the days of the month of April 2016. Each bus made one round trip per day. Calculate total kilometers and total passenger kilometers for the month.

- 26. Write notes on various stock levels

- 27. What is overtime? How is it treated in Cost Accounting?

- 28. What is cash budget? What are its advantages? How it is prepared?

(6 x 4 = 24 Marks)

(3)

Turn Over