

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2016**Fifth Semester****Core 13—COST ACCOUNTING**

(Common for Model I & II and UGC Sponsored B.Com. Degree Programme)

[2013 Admission onwards]

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

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

1. What is uniform costing ?
2. What do you mean by cost control ?
3. What is perpetual inventory system ?
4. What is scrap ?
5. What is job card ?
6. What is idle time ?
7. What is meant by cost allocation ?
8. What are semi-variable overheads ?
9. What is prime cost ?
10. Define overheads.

(10 × 1 = 10)

Part B

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

11. Differentiate between cost unit and cost centre.
12. Differentiate between cost of goods sold and cost of sales.
13. What are the benefits of ABC analysis ?
14. What do you mean by reorder period ? How is it different from reorder level ?
15. Define labour turnover. What are its causes ?

Turn over

16. What is Halsey plan ? What are its features ?
17. What is the treatment of normal idle time in cost accounts ?
18. What is the difference between fixed and variable overheads ?
19. Distinguish between cost allocation and cost apportionment.
20. What are the components of total cost ?
21. The consumption of certain type of ball bearing is 225 pieces per year. The price of each ball bearing is Rs. 100. If the inventory carrying cost is 20 % per annum and the cost of procurement per order is Rs. 20. Calculate economic order quantity.
22. If the standard time is 10 hours, the premium is 50 % of time saved and hourly rate is Rs. 2, calculate the effective hourly rate earned by a worker under the Halsey system, if the time taken by the worker is 8 hours for the job.

(8 × 2 = 16)

Part C

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

23. What is idle time ? How is cost of idle time treated in cost accounts ?
24. What are the reasons for disagreement in costing profit and financial profit ?
25. What is a compound cost unit ? Mention some concerns in which compound unit is applied.
26. The following information has been obtained from the costing records of Mahalakshmi Ltd. for the month of June 2015 :

	On 1 st June 2015	On 31 st June 2015
	(In Rupees)	(In Rupees)
Cost of Raw Materials	... 30,000	36,000
Cost of work-in-progress	... 14,000	12,000
Cost of finished goods in stock	... 56,000	68,000
Manufacturing wages	...	76,000
Manufacturing expenses (factory OH)	...	36,000
Office expenses	...	24,000
Purchase of raw materials	...	2,40,000
Selling and distribution expenses	...	16,000
Sales	...	4,40,000

Prepare a Cost Sheet showing total cost and profit for the month of June 2015.

27. From the following particulars, calculate (a) Reorder level ; (b) Minimum level ; and (c) Maximum level :

Normal usage 100 units per day.

Minimum usage 60 units per day.

Maximum usage 130 units per day.

Economic ordering quantity 5,000 units.

Reorder period 25 to 30 days.

28. From the following transactions prepare Stores Ledger by adopting FIFO method :

2014 November 1	Balance 200 units at Rs. 2 per unit.
November 2	Issued 40 units.
November 8	Returned to vendors 50 units
November 12	Purchased 150 units at Rs. 3 per unit.
November 19	Issued 60 units.
November 26	Purchased 210 units at Rs. 4 each.
November 30	Stock audit note shows a shortage of 10 units.

29. Calculate standard labour time for machining part No. Z 285 from the following data :

Standard batch size ... 100 pieces

Set-up time ... 64 minutes

Operating time (each piece) :

Fixing job on machine ... 2 minutes

Cutting time ... 10 minutes

Removing job from machine ... 3 minutes

Allow 10 % on total operation time for inspection during process and allow further 5 % on total time for fatigue.

30. There are three production departments X, Y and Z. The following are the items of overhead for one year :

Indirect labour :	Rs.
X ...	3,000
Y ...	2,000
Z ...	1,000
Rent charges ...	12,000
Repair to plant ...	3,000
Lighting ...	2,000

Turn over

The following information is available :

		<i>Departments</i>		
		X	Y	Z
Floor space (sq.ft.)	...	3,000	2,000	1,000
Value of plant	...	20,000	10,000	30,000
Number of lighting points	...	40	30	30

Prepare a statement showing the allocation and apportionment of overheads.

31. Calculate Machine Hour Rate from the following :—

- (a) Cost of machine Rs. 19,200.
- (b) Estimated scrap value Rs. 1,200.
- (c) Average repair and maintenance charges per month Rs. 150.
- (d) Standing charges allocated to machine per month Rs. 50.
- (e) Effective working life of machine 10,000 hours.
- (f) Running time per month 166 hours.
- (g) Power used by machine : 5 units per hour @19 paise per unit.

(6 × 4 = 24)

Part D

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

- 32. "Costing is an aid to management". Enumerate the main points in support of this view.
- 33. The following data have been extracted from the Books of M/s. Moon Shine Industries Ltd. for the calendar year 2014 :

		Rs.
Opening stock of raw materials	...	25,000
Purchase of raw materials	...	85,000
Closing stock of raw materials	...	40,000
Carriage inward	...	5,000
Wages : Direct	...	75,000
Indirect	...	10,000
Other direct charges	...	15,000
Rent and Rates : Factory	...	5,000
Office	...	500

		Rs.
Indirect consumption of materials	...	500
Depreciation : Plant	...	1,500
Office furniture	...	400
Salary : Office	...	2,500
Salesman	...	2,000
Other factory expenses	...	5,700
Managing Director's remuneration	...	12,000
Other office expenses	...	900
Other selling expenses	...	1,000
Travelling expenses of salesman	...	1,100
Carriage and freight outward	...	1,400
Sales	...	2,50,000
Advance income tax paid	...	15,000
Advertisement	...	2,000
Bad debts recovered	...	500
Interest and dividend received	...	1,800
Refund of double taxation	...	700

Managing Director's remuneration is to be allocated in the ratio of 2 : 1 : 3 for factory, office and sales departments respectively.

From the above information prepare the different phases of Cost and Net Profit.

34. From the following figures prepare a Reconciliation Statement :

	Rs.
Net loss as per costing records	... 1,72,400
Works overhead under recovered in costing	... 3,120
Administrative overhead recovered in excess	... 1,700
Depreciation charged in financial records	... 11,200
Depreciation recovered in costing	... 12,500
Interest received not included in costing	... 8,000
Obsolescence loss charges in financial records	... 5,700
Income tax provided in financial books	... 40,300
Bank interest credited in financial books	... 750
Stores adjustments (credit) in financial books	... 475

Turn over

			Rs.
Value of opening stock in	:	Cost Accounts	... 52,600
		Financial accounts	... 54,000
Value of closing stock in	:	Cost accounts	... 52,000
		Financial accounts	... 49,600
Interest charged in cost accounts but not in financial accounts			... 6,000
Preliminary expenses written-off in financial accounts			... 800
Provision for doubtful debts in financial accounts			... 150

35. Show the stores ledger entries as they would appear using (a) Simple average method ; and
(b) Weighted average method of pricing issues in respect of following transactions :

Date		Particulars	Units	Rate (Rs.)
January 1	...	Balance in hand	150	4.00
January 2	...	Purchases	100	4.00
January 4	...	Issued	75	
January 6	...	Purchases	100	4.60
January 11	...	Issued	75	
January 19	...	Issued	100	
January 22	...	Purchased	100	4.80
January 27	...	Issued	75	

In a period of rising prices such as the above, what are the effects of each method.

(2 × 15 = 30)