

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2002**Part III—Commerce****Paper VIII—COST ACCOUNTING**

Time : Three Hours

Maximum : 100 Marks

Section A

*Answer any ten questions,
Each question carries 2 marks.*

1. What is meant by Cost Unit ?
2. What are carrying costs ?
3. What is perpetual inventory ?
4. What are direct expenses ?
5. What is group bonus scheme ?
6. Distinguish between Selling overhead and Distribution overhead.
7. Name *four* service departments.
8. How is cost per unit computed in process costing ?
9. What is secondary distribution of factory overhead ?
10. What is the function of cost ledger control accounts ?
1. What is process costing ?
2. What is cost plus contract ?

(10 × 2 = 20 marks)

Section B

*Answer any ten questions.
Each question carries 5 marks.*

3. Explain the concept of ABC analysis as a technique of inventory control.
4. Discuss the advantages of a centralised purchase department of a manufacturing concern.
5. What are the merits and demerits of First in first out method of pricing material issue ?
6. Explain different methods of classification of overheads.
7. What are the main features of process costing ?
8. What is the purpose of charging interprocess profit ?
9. What are the causes which create difference between cost and financial profits ?
10. From the following information determine the economic order quantity. Annual usage 90,000 units. Cost per unit Rs. 50. Buying cost per order Rs. 10, cost of carrying inventory 10 % of cost.

Turn over

21. Calculate maximum level and reordering level from the following data :—

Reorder quantity	...	1500 units
Reorder period	...	4—6 weeks
Maximum consumption	...	400 units per week
Normal consumption	...	300 units per week
Minimum consumption	...	250 units per week

22. Show the stores ledger entries as they would appear when using the last in first out method.

		Units	Price
			Rs.
1998			
April 1	Balance in hand b/f	300	2.00
2	Purchased	200	2.20
4	Issued	150	—
6	Purchased	200	2.30
11	Issued	150	—
19	Issued	200	—
22	Purchased	200	2.40
27	Issued	150	—

23. Ramlal works in a factory where the following particulars apply :

Normal rate per hour Rs. 1.50

Normal piece rate 20 % more of time rate

Expected output 20 units per hour

Ramlal produces 157 units in a 8 hour day.

Calculate his wages for the day on (a) Time basis and (b) Piece basis.

24. City bus service Ltd. run the following fleet of buses within the limits of Cochin city :

		Carrying capacity
10 buses	...	50 passengers
15 buses	...	40 passengers

On an average, each bus makes 10 trips a day covering a distance of 8 kms. in each trip of the seats are occupied. The annual records show that 5 buses are generally required away from road each day for repairs. Calculate the effective passengers kms. for the month of March, 1998.

25. A by-product Beta is derived in the course of manufacturing a product Alpha. The by-product is further processed for sale. From the following data prepare an account showing the cost of the product Alpha and the by-product Beta.

	Joint expenses	Separate expenses	
		Alpha	Beta
	Rs.	Rs.	Rs.
Materials	10,000	6,000	500
Labour	7,000	5,000	2,000
Overhead	2,500	1,500	600

The quantities produced during the period under consideration were Alpha 100 kg and Beta 50 kg. The selling price of Beta was Rs. 120 per kg. on which the profit earned was Rs. 10 × 5 =

Section C

Answer any two questions.

Each question carries 15 marks.

5. The following transactions took place during March in A Co. Ltd. Enter the transactions in the financial and cost books :—

Materials purchased :	Rs.
Credit purchases ...	40,000
Cash purchases ...	38,000
Credit purchases for Job No. 20 ...	11,000
Returned to suppliers ...	1,500
Direct material issued to jobs ...	54,000
Indirect material issued to jobs ...	1,400
Material returned from job to store ...	1,200
Material transferred from Job No. 18 to Job No. 42 ...	2,300

7. From the following particulars prepare (a) Profit and Loss Account ; (b) a statement showing the cost of manufacture, calculating factory expenses at 25 % on prime cost and office overheads at 75 % of factory expenses ; (c) a statement reconciling the profit shown by the cost accounts with that shown by Profit and Loss Account. The selling price was fixed at cost plus 25 %.

Stock on 1st April 1997	Rs.
Finished units ...	8,000
Raw materials ...	4,000
Stock on 31st March 1998	
Raw materials ...	6,000
Finished products ...	2,000
Purchase of raw materials ...	24,000
Wages ...	10,000
Sales ...	65,000
Works expenses ...	7,750
Office expenses ...	6,100

8. The following particulars relate to a manufacturing company which has three production departments A, B and C and two service departments X and Y :—

	Departments				
	A	B	C	X	Y
Total departmental overhead as per } primary distribution.	Rs. 6,300	7,400	2,800	4,500	2,000

The company decided to change the service departments cost on the basis of percentages :

Service departments	Production departments			Service departments	
	A	B	C	X	Y
X	40 %	30 %	20 %	—	10 %
Y	30 %	30 %	20 %	20 %	—

Find the total overheads of production departments charging service department costs to production departments :

- on repeated distribution and
- on simultaneous equation method.

(2 × 15 = 30)