

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH 2003

Paper VIII—COST ACCOUNTING

Maximum : 100 Marks

Time : Three Hours

Section A

Answer any ten questions.

Each question carries 2 marks.

1. Define Cost Accounting.
2. What is a direct cost ?
3. What is scrap ?
4. Give the formula for Rowan plan.
5. What are all included under production overheads ?
6. What is meant by notional profit in the context of contract costing ?
7. When abnormal gain arises ?
8. For what industries operating costing is suitable ?
9. What is meant by Integral Accounting ?
10. When the products are called as by-products ?
11. What is batch costing ?
12. Define Idle time.

(10 × 2 = 20 marks)

Section B

Answer any ten questions.

Each question carries 5 marks.

13. What are the advantages of Cost Accounting ?
14. Explain cost centre and cost unit.
15. Describe the reasons for labour turnover.
16. Explain secondary distribution of overheads.
17. How profit is arrived at in the case of incomplete contracts ?
18. Distinguish Process costing from Job costing.
19. What are the reasons for the differences between costing profit and financial profit ?
20. From the following data for the 12 months compute the average stock level for a component :—
 - Maximum usage in a month = 300 nos.
 - Minimum usage in a month = 200 nos.
 - Average usage in a month = 225 nos.
 - Time lag for procurement of materials : a maximum of six months and a minimum of two months.
 - Reorder quantity 750 nos.

Turn over

21. With the help of the following details you are required to ascertain the wages paid to workers X and Y under the Taylor's system :—
- Standard time allowed : 20 units per hour
 Normal wage rate : Re. 1.00 per hour
 Differential rates to be applied :
 75 % of piece rate when below standard and
 125 % of piece rate when at or above standard
 The workers have produced (in a day of 8 hours) as follows :
- X—120 units
 Y—180 units.
22. On 1st March 2003, 12 tonnes of a material was in store, which was valued at Rs. 140 per tonne. On 3rd March 2003, 15 tonnes of more material was received at Rs. 150 per tonne. On 5th March 2003, 12 tonnes of the material was issued. Calculate the price of the issue, if material is priced according to :
- (a) Simple average method.
 (b) Weighted average method.
23. A product, requires Rs. 1,000 in material and Rs. 700 in labour. Factory overheads are absorbed at 30 % on wages and administrative overheads at 80 % on factory costs. What price should be quoted to earn a 12½ % profit on selling price ?
24. Calicut Bus Service Ltd. run the following fleet of buses with in the city limits :—
- | | Carrying capacity |
|--------------|-------------------|
| 20 buses ... | 50 passengers |
| 12 buses ... | 60 passengers |
- On an average each bus makes 12 trips a day covering a distance of 10 kms. in each trip. 80 % of the seats are occupied. The annual records show that 8 buses are generally required to be kept away from road each day for repairs. Calculate the effective passenger kms.
25. In a sawmill, certain grades of articles known as A, B, C and D are produced. The total cost of their production during a week ending 30th September 2002 amounted to Rs. 6,000 while the output for the period are :
- | Grade | Output in sq. ft. | No. of equivalent units in terms of standard article |
|-------|-------------------|--|
| A ... | 1200 | 1200 |
| B ... | 900 | 720 |
| C ... | 600 | 360 |
| D ... | 300 | 120 |
- How would you apportion the total costs ?

Section C

Answer any two questions.

Each question carries 15 marks.

26. Pass Journal entries for the following transactions under integral accounting :—

	Rs.
(a) Materials purchased	... 2,00,000
(b) Materials issued to jobs	... 1,50,000
(c) Wages incurred	... 80,000
(d) Factory OHs incurred	... 60,000
(e) Factory OHs absorbed	... 55,000
(f) Administration OHs incurred	... 70,000
(g) Administration OHs absorbed	... 72,000
(h) Sales	... 4,00,000
(i) Cash paid to suppliers	... 1,80,000
(j) Cash received from customers	... 3,50,000

27. A company has four departments. The actual costs for the period are given below. Apportion the costs to the various departments by the most equitable method :

	Rs.
Rent	... 2,000
Repairs	... 1,200
Depreciation	... 900
Light	... 200
Supervision	... 3,000
Employer's liability insurance	... 300
Insurance	... 1,000
Power	... 1,800

The following data are available in respect of four departments :—

Data	...	A	B	C	D
Area (sq. feet)	...	150	110	90	50
No. of workers	...	24	16	12	8
Total wages (Rs.)	...	8,000	6,000	4,000	2,000
Value of plant (Rs.)	...	24,000	18,000	12,000	6,000
Value of stock (Rs.)	...	15,000	9,000	6,000	—

28. From the following figures, show the cost of the process of manufacture. The production of each process is passed on to the next process immediately on completion. It is known from past experience that losses occurring in the process are as under :

Process A : 5 % of the units entering the process

Process B : 10 % of the units entering the process

The scrap value of the loss in Process A is Rs. 8 per unit and Process B is Rs. 10 per 100 units.

Other particulars	Process A	Process B
	Rs.	Rs.
Materials consumed ...	3,000	1,500
Wages ...	3,500	2,000
Manufacturing expenses ...	1,000	1,000

5000 units were introduced into Process A at a cost of Rs. 25,000. The output was :

Process A — 4700 units

Process B — 4150 units

(2 × 15 = 30 marks)