

**FINAL YEAR B.Com. DEGREE EXAMINATION  
SEPTEMBER/OCTOBER 2004**

Part III—Commerce—Model I

Paper XIII—COST ACCOUNTING

(New Scheme)

Three Hours

Maximum : 80 Marks

**Section A**

*Answer any ten questions.  
Each question carries 1 mark.*

Define Cost Accounting.

What is sunk cost ?

What is retention money ?

What is output costing ?

Define Idle Time.

What is Taylor's Differential Piece Rate ?

Distinguish between "allocation" and "apportionment".

What is secondary distribution summary ?

What is Equivalent Production ?

Explain VED Analysis.

Distinguish between "scrap" and "waste".

What do you understand by MHR ?

(10 × 1 = 10 marks)

**Section B**

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

What do you understand by Labour Turnover ? How is it measured ?

What do you understand by absorption of overheads ? Describe the different methods of absorption factory overheads.

Why do profits as per Cost Accounts and Financial Accounts differ ?

Distinguish between job costing and process costing.

What do you understand by Joint Products ? Explain the methods of allocating joint costs to Joint Products.

What is "Stores Ledger" ? Explain the differences between "Stores Ledger" and "Bin Card".

Outline a proper system for purchasing and receiving materials.

Turn over

20. Two materials X and Y are used as follows :

Minimum usage—50 units per week each.

Maximum usage—150 units per week each.

Normal usage—100 units per week each.

Re-order quantity : X—600 units.

Y—1,000 units

Delivery period : X—4 to 6 weeks ;

Y—2 to 4 weeks.

Calculate for each material :

(a) re-order level ;

(b) minimum level ;

(c) maximum level and

(d) average stock level.

21. From the following information calculate total kilometres and total passenger—kilometre

No. of buses : 5

Days operated in the month : 25

Trips made by each bus : 4

Distance of route : 20 kms long. (one side)

Capacity of bus : 50 passengers

Normal passenger travelling : 90 % of capacity.

22. Fifty (50) units are introduced into a process at a cost of Rs.50. The total additional expenditure incurred by the process is Rs. 32. Of the units introduced 10 % are normally spoiled in the course of manufacture ; these possess a scrap value of Re, 0.20 each. Owing to an accident only 40 units are produced.

You are required to (1) prepare a process account and (2) give journal entries to show how the loss arising out of spoiled units should be treated.

23. S. Ltd. operates an integral system of accounting. You are required to pass journal entries for the following transactions took place for the year ended 31st March 2003 :—

- (i) Raw material purchased (50 % credit) ... Rs. 6,00,000
- (ii) Materials issued to production ... Rs. 4,00,000
- (iii) Factory overheads incurred ... Rs. 80,000
- (iv) Sales (50 % credit) ... Rs. 7,50,000
- (v) Receipts from Debtors ... Rs. 2,00,000
- (vi) Payment to Creditors ... Rs. 2,00,000

From the following data relating to the manufacture of a standard product during the month of September 2003, prepare a statement showing cost and profit per unit :

	Rs.
Raw material unit	: 40,000
Direct wages	: 24,000
Machine Hours worked	: 9,500 (hours)
M.H. Rate	: 4 per hour.
Office overheads	: 20 % on works cost.
Selling overheads	: Re.1 per unit
Units produced	: 20,000
Units sold	: 18,000 at Rs. 10 per unit.

(10 × 4 = 40 marks)

### Section C

Answer any two questions.  
Each question carries 15 marks.

The following data are obtained from the books of ABC Ltd. for the half year ended 30th September, 2003 :

		Production Departments			Service Departments	
		A	B	C	X	Y
Direct wages	Rs.	7,000	6,000	5,000	1,000	1,000
Direct materials	Rs.	3,000	2,500	2,000	1,500	1,000
Employees	Nos.	200	150	150	50	50
Electricity	Kwh.	8,000	6,000	6,000	2,000	3,000
Light points	Nos.	10	15	15	5	5
Assets values	Rs.	50,000	30,000	20,000	10,000	10,000
Area occupied (Sq. metres)		800	600	600	200	200

The expenses for six months were : stores overhead Rs. 400 ; motive power Rs. 1,500 ; Electric Light Rs. 200. Labour welfare Rs. 3,000 ; Depreciation Rs. 6,000 ; Repairs and maintenance Rs. 1,200 ; General overheads Rs. 10,000 ; Rent and Taxes Rs. 600.

You are required to prepare Primary Overhead Distribution Summary for the departments showing clearly the basis of apportionment where necessary.

26. The following are the particulars relating to a contract which has begun on 1st January, 2003 :—

	Rs.
Contract price	5,00,000
Machinery	30,000
Materials	1,70,600
Wages	1,48,750
Direct Expenses	6,330
Outstanding wages	5,380
Uncertified work	9,000
Overheads	8,240
Materials returned	1,600
Materials on hand 31, December 2003	3,700
Machinery on hand 31, December 2003	22,000
Value of work certified	3,90,000
Cash received	3,51,000

Prepare a Contract Account for the year 2003, showing the amount of profit that may be taken credit of Profit and Loss Account of the year. Also show the relevant entries as would appear in the Balance Sheet of the year.

27. Product X is obtained after it is processed through three distinct processes. The following information is available for this operation :

Particulars	Total	Processes		
		I	II	III
Materials	5,625	2,600	2,000	1,025
Direct Wages	7,330	2,250	3,680	1,400
Production overheads	7,330	—	—	—

500 units at Rs. 4 per unit were introduced in Process I. Production overheads are absorbed as a percentage of Direct Wages.

The actual output and normal loss of the respective processes are :

	Output units	Normal Loss on input	Value of scrap per unit Rs.
Process I	450	10 %	2
Process II	340	20 %	4
Process III	270	25 %	5

There is no stock or work-in-progress in any process.

Show —

- the three process accounts.
- the abnormal loss and abnormal gain accounts.