



K17U 1864

Reg. No. :

Name :

**V Semester B.Com. Degree (CBCSS – Reg./Sup./Imp.) Examination,
November 2017
(2014 Admn. Onwards)
Core Course
5B10COM : COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 40

PART – A

I. Answer **all** questions. **Each** carries $\frac{1}{2}$ marks.

- 1) The total of all direct expenses is known as _____ cost.
- 2) First In First Out (FIFO) method of valuing material issues is suitable in times of _____
- 3) In _____ contracts, the contractor will get cost plus a stipulated profit.
- 4) The cost of _____ process loss is absorbed in the cost of production of good units. (4× $\frac{1}{2}$ =2)

PART – B

II. Answer **any four** questions. **Each** carries **one** mark.

- 5) Define cost accounting.
- 6) What is cost sheet ?
- 7) What is VED analysis ?
- 8) What is escalation clause ?
- 9) What is normal and abnormal loss ?
- 10) What is Labour turnover ? (4×1=4)

P.T.O.



PART – C

III. Answer **any six** questions (**not exceeding one page**). **Each** carries **three** marks.

11) Calculate minimum stock level, maximum stock level, average stock level and re-ordering level from the following information.

- i) Minimum consumption : 100 units per day
- ii) Maximum consumption : 150 units per day
- iii) Normal consumption : 120 units per day
- iv) Re-order period 10-15 days
- v) Re-order quantity : 1500 units
- vi) Normal re-order period : 12 days

12) Using the following data, discuss and illustrate the Halsey and the Rowan premium bonus systems bringing out their merits and demerits.

Time allowed : 48 hours

Time taken : 40 hours

Rate per hour : Rs. 2

13) From the following particulars, calculate Machine Hour Rate.

Cost of machine Rs. 75,000

Estimated working life 20000 hours

Estimated scrap value Rs. 15,000

Working hours per year 1500 hours

Cost of repairs per year Rs. 5,000

Power consumption 20 units per hour at 0.60 paise per unit

Rent of department (machine $\frac{1}{4}$ th) Rs. 2,000

Lighting charges (6 points in the department – 2 points engaged in the machine)
Rs. 800

Supervision ($\frac{1}{4}$ of his time is occupied in the machine) 12,000

Insurance premium (fire) for machinery 300

Cotton waste Rs. 500



14) Prepare a cost sheet from the following information for the period ending June 30, 2017.

| | 2017 | 2017 |
|--|--------------------|--------------------|
| | January 1 | June 30 |
| Raw material | 30,000 | 25,000 |
| Work in progress | 12,000 | 15,000 |
| Finished products | (1000 tons) 10,000 | (1500 tons) 16,000 |
| Purchases of raw materials | 2,00,000 | |
| Carriage on purchases | 5,000 | |
| Direct wages | 1,00,000 | |
| Works overheads | 30,000 | |
| 16000 units produced during the period | | |
| Selling and distribution overhead Rs. 1 per units sold | | |
| Finished goods sale Rs. 4,00,000 | | |

- 15) What is perpetual inventory system ? Discuss its advantages.
- 16) What are the objectives of cost accounting ?
- 17) What is time keeping ? What are the methods used for time keeping ?
- 18) What are the different systems of wage payment ? Discuss. (6x3=18)

PART – D

IV. Answer **any two** questions. **Each** carries **eight** marks.

19) Neo Pharma Ltd. produced three chemicals during the month of May, 2017 by three consecutive process. In each process 2% of the total weight put in loss and 10% is scrap which from process 1 and 2 realizes Rs. 100 a ton and from process 3 Rs. 20 a ton.

The products of three processes are dealt with as follows :

| | Process 1 | | Process 2 | | Process 3 | |
|-------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| Passed on to the next process | 75% | | 50% | | — | |
| Sent to warehouse for sale | 25% | | 50% | | 100% | |
| Expenses incurred : | Rs. | Tons | Rs. | Tons | Rs. | Tons |
| Raw materials | 1,20,000 | 1,000 | 28,000 | 140 | 1,07,840 | 1,348 |
| Manufacturing wages | 20,500 | — | 18,520 | — | 15,000 | — |
| General expenses | 10,300 | — | 7,240 | — | 3,100 | — |

Prepare process Cost Account showing the cost per ton of each product.



- 20) What is contract costing ? Prepare a contract account for 2016 showing the profit to be credited to the year's profit and loss account. The contract is for Rs. 6,00,000 commenced in February, 2016. The details of expenditure are :

| | |
|------------------|--------------|
| Materials | Rs. 1,20,000 |
| Wages | Rs. 1,64,000 |
| Plant | Rs. 20,000 |
| Business charges | Rs. 8,600 |

Cash received on account to 31st December, 2016 amounted to Rs. 2,40,000 being 80% of work certified, the value of materials in hand on 31-12-2016 was Rs. 10,000.

Plant is to be depreciated at 10%.

- 21) a) State the advantages and disadvantages of FIFO method.
b) Prepare a Stores Ledger Card by using FIFO method from the following particulars.

2016

- March**
1. Opening balance 500 tonnes @ Rs. 200
 3. Issue 70 tonnes
 4. Issue 100 tonnes
 8. Issue 80 tonnes
 13. Received from supplier 200 tonnes @ Rs. 190
 14. Returned from department 15 tonnes
 16. Issue 180 tonnes
 20. Received from supplier 240 tonnes @ Rs. 190
 24. Issue 300 tonnes
 25. Received from supplier 320 tonnes @ Rs. 190
 26. Issue 115 tonnes
 27. Returned from department 35 tonnes
 31. Received from supplier 100 tonnes @ Rs. 190.

(2×8=16)