

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: MAY-2023

B.Com-Banking & Insurance

MAXIMUM MARKS: 70

IV SEMESTER

TIME: 3 HOURS

PART III

COST ACCOUNTING

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1 Cost incurred is identified with _____
(a) Each executive (b) Each unit of output
(c) Each month (d) None of these

2 Under which method the issue of materials is priced at the latest purchase price?
(a) Simple average (b) Weighted average
(c) LIFO (d) FIFO

3 Under Halsey Premium Plan, _____ % of time saved is shared by employer
(a) 110 (b) 115 (c) 50 (d) 25

4 200 units are introduced in a process in which normal loss is 30 units. If the actual output is also 200 units, then there is _____
(a) An abnormal loss (b) An abnormal gain
(c) No abnormal loss or abnormal gain (d) None of these

5 When a contract is 50% complete, the amount of profit to be taken credit for is usually _____
(a) The amount of profit estimated
(b) 50% of the estimated profit
(c) Two-third of the estimated profit multiplied by cash ratio
(d) One-third of the estimated profit multiplied by cash ratio

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6 Define Cost Accounting
7 Explain EOQ.
8 Write the meaning of absorption of overheads
9 Describe Joint product and by-product.
10 Explain the meaning of reconciliation statement.

SECTION – B

(5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11 (a) Compare the relationship between cost accounting and financial accounting.
(OR)
(b) Describe the various elements of cost.

12 (a) From the following particulars calculate

- a) Maximum stock level
- b) Minimum stock level
- c) Reorder level
- d) Average stock level

Minimum consumption – 240 unit day

Maximum consumption – 420 per day

Normal consumption – 300 per day

Reorder quantity – 3600 unit per day

Reorder period 10 to 15 days

Normal Reorder period 12 days

(OR)

(b) The annual demand for a product is 6,400 units. The unit cost is Rs.6 and inventory carrying cost is 25% per annum. If the cost of one procurement is Rs. 75, determine:

- (a) Economic order quantity
- (b) No. of orders per year
- (c) Time between two consecutive orders

13 (a) A worker takes 80 hours to do a job for which the time allowed is 100 hours his daily rate is 2.50 per hours. Calculate the earnings under the following methods of payment of wages.

- (i) Time rate
- (ii) Halsey Plan and
- (iii) Rowan Plan

(OR)

(b) Work out the machine hour rate for the following machine whose scrap value is nil.

- i) Cost of machine Rs.3,60,000
- ii) Freight and installation Rs. 40,000
- iii) Working life 20 year
- iv) Working hours 8000 per year
- v) Repair charges 50% of depreciation
- vi) Power 10 unit per hour @ 10 paisa per unit
- vii) Lubricating oil @ Rs.2 per day of 8 hours
- viii) Consumable stores @ Rs.10 per day of 8 hours
- ix) Wages of operator @ Rs. 4 per day

14. (a) 100 Units are introduced into process I at a cost of Rs.9,600 and an expenditure of Rs.4,800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual output of process I is 90 units, transferred to process II. Prepare process I account.

(OR)

(b) In the manufacture of main product, 100 units of certain by-product were produced. The market value of the by-product was Rs.15 per unit. The by-product required further processing cost amounting to Rs.600; selling and distribution cost came to Rs.100. Make an estimate of by-product cost assuming that average profit earned is 10% on sales.

15. (a) The following is the information relating to contract No.123.

	Rs
Contract price	6, 00,000
Wages	1, 64,000
General expenses	8,600
Raw materials	1, 20,000
Plant	20,000

As on date, cash received was Rs. 2, 40,000 being 80% of work certified. The value of materials remaining at side was Rs. 10,000. Depreciate plant by 10%. Prepare contract account showing profit to be credited to P&L a/c

(OR)

(b) Profit disclosed by a company's cost accounts for the year was Rs.50,000 whereas the net profit as disclosed by the financial accounts was Rs.29,750.

Following information is available:

- (a) Overheads as per cost accounts were estimated at Rs.8,500. The charge for the year shown by the financial accounts was Rs.7,000.
- (b) Director's fees shown in the financial accounts only for Rs.2,000.
- (c) The company allowed Rs.5,000 as provision for doubtful debts.
- (d) Works was commenced during the year on a new factory and expenditure of Rs.30,000 was made. Depreciation at 5 per cent p.a was provided for in the financial accounts for 6 months.
- (e) Share-transfer fees received during the year were Rs.1,000

From the above, prepare a statement reconciling the figures shown by the cost and financial accounts.

SECTION – C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS.

(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)

(K4) OR (K5)

16 M/S. Indu Industries Ltd., are the manufacturers of Moonlight Torches. The following data relate to manufacture of torches during the month of March 2015.

Raw materials consumed	Rs. 20,000
Direct wages	Rs. 12,000
Machine hours worked	9,500 hours
Machine hour rate	Rs. 2
Office overheads	20% of works cost
Selling overheads	50 paise per unit
Units produced	20,000 units
Units sold	18,000 @ Rs. 5 per unit

Prepare cost sheet showing the cost and the profit per unit and the profit earned

17 From the particulars given below write up the stores ledger card:

2015 January 1 Opening stock 1,000 units at Rs.26 each
 5 Purchased 500 units at Rs.24.50 each
 7 Issued 750 units
 10 Purchased 1,500 units at Rs.24 each
 12 Issued 1,000 units
 15 Purchased 1,000 units at Rs.25 each
 17 Issued 500 units
 18 Issued 300 units
 25 Purchased 1,500 units at Rs.26 each
 29 Issued 1,500 units

Adopt the FIFO method of issue and ascertain the value of the closing stock.

(CONTD.....4)

18. The following data were obtained from the books of a company for the half-year ended 30th June 2016. Calculate the department overhead rates for each of the production departments assuming that the overhead are recovered as a percentage of direct wages.

Particulars	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)	100	150	150	50	50
Light point (Nos)	10	15	50	5	5
Electricity (Kwh)	8,000	6,000	6,000	2,000	3,000
Assets value (Rs)	50,000	30,000	20,000	10,000	10,000
Area occupied (Sq. meters)	800	600	600	200	200

The expenses for 6 months were:

	Rs		Rs
Stores overheads	600	Depreciation	6,000
Motive power	1,500	Repairs and maintenance	1,800
Electric light	400	General overheads	10,000
Labour welfare	1,500	Rent and rates	1,200

Apportion the expenses of department X in the ratio 4:3:3 and that of department Y in proportion to direct wages, to departments A, B and C respectively.

19 From the following particulars, calculate the earnings of different workers under Taylor's differential piece rate system.

Standard time per hour : 6 minutes

Normal rate : Rs.5 per hour

Differential piece rates:

80% of piece rate below the standard

120% of piece rate at or above the standard

In a day of 8 hours, the production by different workers is as under.

Amar: 70 units; Badekhan: 80 units; Chaplin: 90 units; Dharmsingh: 100 units

20 The product of a company passes through two processes to completion known as A and B. From past experience it is ascertained that loss is incurred in each process as:

Process A – 2% Process B – 5%

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs.5 per 100 units. The output of each process passes immediately to the next process and the finished units are passed into stock.

	Process A Rs	Process B Rs
Materials consumed	6,000	4,000
Direct Labour	8,000	6,000
Manufacturing expenses	1000	1000

20,000 units have been issued to Process A at cost of Rs.10,000. The output of each process has been as under:

Process A 19,500 units; and Process B 18,800 units.

Prepare process accounts.

21 Prepare the reconciliation statement from the following data.

Net profit as per financial books	63,780
Net profit as per cost books	66,760
Factory overheads under –recovered in costing	5,700
Administrative overheads recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received but not included in costing	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment (credited in financial books)	420
Depreciation of stock charged in financial books	860
Divided appropriated in financial books	1,200
Loss due to pilferage provide only in financial books	260