

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER -2022

B.Com Professional Accounting

MAXIMUM MARKS: 70

SEMESTER: V

TIME: 3 HOURS

PART - III

20 UPA 514 – COST ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Basic objective of cost accounting is.....
 a. tax compliance
 b. financial audit
 c. cost ascertainment
 d. profit ascertainment

2. Re-ordering level = Maximum consumption x?
 a. Maximum re-order period
 b. Minimum re-order period
 c. Normal re-order period
 d. Average re-order period

3. Idle time is.....
 a. Time spent by workers in factory
 b. Time spent by workers off their work
 c. Time spent by workers on their jobs
 d. Production time

4. Scrap value of normal loss is
 a. Credited to P & L A/c
 b. Show in Balance sheet
 c. Credited to Process A/c
 d. Debited to Process A/c

5. Job cost is usually estimated on the basis of
 a. Customers specifications
 b. Production cost
 c. Competitors prices
 d. Govt. regulations

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define 'Cost sheet'.
7. Explain the term 'Scrap'.
8. Define 'Overhead'.
9. What is 'Process Costing'?
10. What is 'Batch Costing'?

(CONTD.....2)

SECTION – B**(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K3)**

11. a) Distinguish between cost accounting and management accounting.
(OR)
 b) Critically examine the objections raised against cost accounting.

12. a) Calculate Maximum level, Minimum level and Re-order level from the following data:

Re-order quantity	– 1,500 Units
Re-order period	– 4 to 6 weeks
Maximum consumption	– 400 Units per week
Normal consumption	– 300 Units per week
Minimum consumption	– 250 Units per week

(OR)

b) Calculate economic ordering quantity (EOQ), the following particulars:
 Annual requirements – 1,600 Units
 Cost of materials per unit - Rs.40
 Cost of placing and receiving one order – Rs.50
 Annual carrying cost of inventory – 10% of inventory value.

13. a) Using the following data, calculate the earnings of worker under Halsey and Rowan Premium Bonus system:
 Time Allowed - 48 Hours
 Time taken - 40 Hours
 Rate per hour - Rs.1
(OR)

b) The “Modern Company” is divided into four departments P1, P2 and P3 are producing departments and S1 is a service department. The actual costs for a period are as follows:

Particulars	Rs.
Rent	1,000
Repairs to plant	600
Depreciation of plant	450
Employers liability for insurance	150
Supervision	1,500
Fire insurance in respect of stock	500
Power	900
Light	120

The following information is available in respect of the four departments:

	Dept. P1	Dept. P2	Dept. P3	Dept. S1
Area (sq. meters)	1,500	1,100	900	500
Number of Employees	20	15	10	5
Total Wages (Rs.)	6,000	4,000	3,000	2,000
Value of Plant (Rs.)	24,000	18,000	12,000	6,000
Value of Stock (Rs.)	15,000	9,000	6,000	-
H.P. of Plant	24	18	12	6

Apportion the cost to the various departments on the most equitable basis by preparing a Overhead Distribution Summary.

14. a). 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 spoil in the course of manufacture; these possess a scrap value of Rs.0.20 each. Owing to an accident only 40 units are produced. Prepare Process Account and Abnormal Loss Account.

(OR)

b) A batch of 600 units was introduced in a process at Rs.20 per unit. 500 units were completed and transferred to the finished goods stores. The normal process loss was 20% of the input, and the scrap is normally sold to a contractor at Rs.3 each. The labour and overhead expenditure, incurred in the process amounted to Rs.600. Prepare Process Account and Abnormal Gain Account.

15. a) The accounts of Pleasant company Ltd. show for 2018. Materials Rs.3,50,000; Labour Rs.2,70,000; Factory Overheads Rs.81,000 and Administration overheads Rs.56.080.

What price should the company quote for a refrigerator? It is estimated that Rs.1,000 in materials and Rs.700 in labour will be required for one refrigerator. Absorb factory overheads on the basis of labour and administration overheads on the basis of works cost. A profit of 12.5% on selling price is required.

(OR)

b) Batch No. A- 100 incurred the following costs:

Direct Materials Rs.10,000

Department: A- 800 labour hours @ Rs.5 per hour.

Department: B-1,400 labour hours @ Rs.6 per hour.

Factory Overheads are absorbed on labour hours basis and the rates are Rs.7 per hour for Department A and Rs.4 per hour for department B. The firm uses a cost plus system for setting prices and expects a 25% gross profit (sales value minus factory cost). Administrative overheads are absorbed at 10% of selling price.

Assuming that 1000 units were produced in Batch A – 100, Calculate the selling price per unit.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS

(K4 (Or) K5)

16. Discuss 'Cost Accounting is an Aid to Management'.

17. The following transactions took place in respect of an item of material:

Date	Receipts (Qty)	Rate (Rs.)	Issue (Qty)
02.9.2015	200	2.00	
10.9.2015	300	2.40	
15.9.2015			250
18.9.2015	250	2.60	
20.9.2015			200

Record the above transactions in the stores ledger, pricing the issues at:

- Simple average rate method
- Weighted average rate method.

(CONTD.....4)

18. On the basis of the following information, calculate the earnings of A and B under Straight Piece rate system and Taylors Differential Piece rate system:

Standard production – 8 units per hour

Normal time rate – Re.0.40 per hour

Differentials to be applied:

80% of Piece rate below Standard

120% of Piece rate at or above Standard.

In a nine-hour day A produces 54 units and B produces 75 units.

19. A company has three production departments P1, P2 and P3 and two service departments S1 and S2, and for a period the departmental distribution summary has the following totals:

				Total
Production Departments	P1-Rs. 800	P2-Rs. 700	P3-Rs. 500	Rs. 2,000
Service Departments	S1-Rs. 234	S2-Rs. 300		Rs. 534
				Rs. 2,534

The expenses of the service departments are charged out on a percentage basis as follows:

Service departments	Production department			Services departments	
	P1	P2	P3	S1	S2
S1	20%	40%	30%	---	10%
S2	40%	20%	20%	20%	---

Prepare a statement showing the apportionment of two service department expenses to production departments by

- (a) Simultaneous equation method and
- (b) Repeated distribution.

20. Product 'Z' is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the month ending 31st March, 2005 :

Items	Total Rs.	Process		
		I Rs.	II Rs.	III Rs.
Direct Material	7,542	2,600	1,980	2,962
Direct Wages	9,000	2,000	3,000	4,000
Production Overhead	9,000	-	-	-

1,000 units at Rs.3 each were introduced to process I. There was no stock of material or work-in-progress at the beginning or end of the period. The output of each process passes direct to the next process and finally to finished stores. Production overhead is recovered on 100 per cent of direct wages.

(CONTD.....5)

	Process - I	Process - II	Process - III
% of Normal Loss to input	5%	10%	15%
Output (in units) during the month	950	840	750
Value of scrap per unit (Rs.)	2	4	5

Prepare process cost accounts and other related accounts.

21. Work out in appropriate cost sheet from the unit cost per passenger km. for the year 2007-2008 for a fleet of passenger buses run by a Transport Company from the following figures extracted from its books :

5 passenger busses costing Rs.50,000, Rs.1,20,000, Rs.45,000, Rs.55,000 and Rs.80,000 respectively. Yearly depreciation of vehicles - 20% of the cost. Annual repair, maintenance and spare parts - 80% of depreciation. Wages of 10 drivers @ Rs.100 each per month, wages of 20 cleaners @ Rs.50 each per month. Yearly rate of interest @ 4% on capital. Rent of six garages @ Rs.50 each per month. Director's fees @ Rs.400 per month, office establishment @ Rs.1000 per month, licence and taxes @ Rs.1000 every six months, realization by sale of old tyres and tubes @ Rs.3,200 every six months, 900 passengers were carried over 1,600 kms. during the year.
