

**Avinashilingam Institute for Home Science and Higher Education for Women
[Deemed to be University] Coimbatore-641 043**

Bachelor's Degree Examination – November 2018

III Semester

**Class : II UG
Major : B.Com/B.Com(CA)**

**Time :3 hours
Max. Marks: 100**

15BCOC09/15BCCC09 – Cost Accounting

Part-A

10 x 1=10

Choose the correct answer

1. The method of costing used in a refinery is
a. process costing b. job costing c. batch costing d. contract costing
2. The cost unit in an automobile industry is
a. number b. kilogram c. tonnes d. length
3. The total of all direct expenses is known as
a. factory cost b. prime cost c. cost of production d. cost of sales
4. A statement designed to show the output of a particular accounting period along with break-up of costs is known as
a. production account b. cost sheet c. income statement d. position statement
5. Bin card is maintained by the
a. cost accountant b. production department c. store keeper d. sales department
6. FIFO method of valuing material issues is suitable in times of
a. rising prices b. fixed prices c. falling prices d. both (a) & (b)
7. Cost of abnormal idle time is transferred to
a. general profit and loss account b. balance sheet
c. manufacturing account d. costing profit and loss account
8. Which of the following methods of wage payment is most suitable, where the speed of production is beyond the control of worker?
a. time rate system b. piece rate system
c. halsey premium system d. rowan plan
9. Fixed costs which continue to be incurred even, when there is no production is referred to as
a. direct cost b. indirect cost c. variable cost d. committed cost
10. Basis of apportionment of stores service expenses is
a. value of material consumed b. number of employees
c. machine hour used d. value of machinery

Part B

5 X 6=30

Answer the following

Answer should not exceed 400 words or two pages

- 11.a. What are the scope of cost accountancy? (or)
- 11.b. Explain the general principles of cost accounting.

- 12.a. Ascertain the prime cost, works cost, cost of production, total cost and profit from the undermentioned figures: Direct materials Rs.5,000; Direct labour Rs.3,500; Factory expenses Rs.1,500; Administration expenses Rs.800; Selling expenses Rs.700 and Sales Rs.15,000. (or)
- 12.b. Distinguish between a cost centre and profit centre.
- 13.a. In a company weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A.
(or)
- 13.b. Find out the Economic Ordering Quantity (EOQ) from the following particulars:
Annual usage:6000 units; Cost of material per unit: Rs.20; Cost of placing and receiving one order : Rs.60; Annual carrying cost of one unit : 10% of inventory value.
- 14.a. From the following information, calculate the labour turnover rate and labour flux rate: Number of workers at the beginning of the year 3,800; Number of workers at the end of the year 4,200. During the year 40 workers leave while 160 workers are discharged. 600 workers are required during the year, of these 150 workers are recruited because of leave and the rest are engaged in accordance with an expansion scheme.
(or)
- 14.b. Rate per hour = Rs.1.50 per hour; Time allowed for job = 20 hours; Time taken = 15 hours; Calculate the total earnings of the worker under the Halsey Plan. Also find out effective rate of earning.
- 15.a. What basis would you follow for distribution of the following overhead expenses to departments?
(a) Store Service Expenses; (b) Employees' State Insurance; (c) Factory Rent; (d) Municipal Rent, Rates and taxes; (e) Insurance on Building and Machinery; (f) Welfare Department Expenses.
(or)
15. b. A manufacturing company has two Production Departments, P₁ and P₂ and three service Departments: Time keeping, Stores and Maintenance. The Departmental Summary showed the following expenses for July 2016.

Production Departments		Service Departments (in order of their importance)		
P ₁	P ₂	S ₁ (Time-keeping)	S ₂ (Stores)	S ₃ (Maintenance)
Rs.16,000	Rs.10,000	Rs.4,000	Rs.5,000	Rs.3,000

The other information relating to departments were:

	Service Departments			Production Departments	
	S ₁ (Time-keeping)	S ₂ (Stores)	S ₃ (Maintenance)	P ₁	P ₂
No. of Employees	-	20	10	40	30
No. of Stores Requisitions	-	-	6	24	20
Machine Hours	-	-	-	2,400	1,600

Re-apportion the Service departments expenses to Production departments by using step distribution method.

Part C

5 x 12=60

**Answer the following
Answer should not exceed 800 words or four pages**

- 16.a. Distinguish between cost accounting and management accounting.
(or)
- 16.b. Explain the characteristics of an ideal costing system.

17.a. The following information has been obtained from the cost records of Aditya Chemicals Ltd. For 2016:

	Rs.		Rs.
Finished goods on 01.01.2016	50,000	Heat, Light and Power	20,000
Raw Materials on 01.01.2016	10,000	Factory Insurance and Taxes	5,000
Work-in-progress on 01.01.2016	14,000	Repairs to Plant	3,000
Direct Labour	1,60,000	Factory Supplies	5,000
Purchase of Raw Material	98,000	Depreciation – Factory Building	6,000
Indirect Labour	40,000	Depreciation – Plant	10,000

Other information made available is –

Factory cost of goods produced in 2016	Rs.2,80,000
Raw Material consumed in 2016	Rs. 95,000
Cost of goods sold in 2016	Rs.1,60,000

No office and administration expenses were incurred during the year 2016. Prepare a Statement of Cost for the year ending 2016 giving maximum possible information and its break-up.

(or)

17. b. The following information has been obtained from the records of a Manufacturing Company:

	01.01.2016 Rs.	31.12.2016 Rs.
Stock of Raw Materials	40,000	50,000
Stock of Finished goods	1,00,000	1,50,000
Stock of Work-in-Progress	10,000	14,000

	Rs.		Rs.
Indirect Labour	50,000	Administration Expenses	1,00,000
Lubricants	10,000	Power	30,000
Insurance on Plant	3,000	Direct Labour	3,00,000
Purchase of Raw Materials	4,00,000	Depreciation on Machinery	50,000
Sale Commission	60,000	Factory Rent	60,000
Salaries of Salesmen	1,00,000	Property tax on Factory Building	11,000
Carriage outward	20,000	Sales	12,00,000

Prepare a Statement of Cost and Profit showing (a) Cost of Raw materials Consumed; (b) Prime Cost; (c) Total Manufacturing Cost; (d) Factory Manufacturing Cost; (e) Cost of Production; (f) Cost of Goods Sold; (g) Cost of sales and (h) Profit.

18.a. Two components A and B are used as follows:

Average consumption	40 units
Normal usage	50 units per week each
Minimum usage	25 units per week each
Maximum usage	75 units per week each
Re-order quantity	A: 300 units B : 500units
Re-order period	A : 4 to 6 weeks B : 2 to 4 weeks
Maximum lead time for emergency purchases	A : 1 day B : Two days

Calculate for each component: (a) Re-order level; (b) Minimum Level; (c) Maximum level; (d) Average Stock level; and (e) Danger Level.

(or)

18. b. The "Received" side of the Stores Ledger Account shows the following particulars:

Jan. 1 Opening Balance	500 units @ Rs.4
Jan. 5 Received from vendor	200 units @ Rs.4.25
Jan.12 Received from vendor	150 units @ Rs.4.10
Jan.20 Received from vendor	300 units @ Rs.4.50
Jan.25 Received from vendor	400 units @ Rs.4

Issues of material were as follows:

Jan.4 – 200 units; Jan.10 – 400 units; Jan.15 – 100 units; Jan.19 – 100units; Jan.26 – 200 units;
Jan.30 – 250 units. Issues are to be priced on the principle of 'First In First Out'. Write out the stores ledger account in respect of the materials for the month of January.

19.a. Calculate the earnings of workers A and B from the following particulars for a month, and allocate the earnings to each job X, Y and Z:

	A	B
Basic Wages	Rs.100	Rs.100
Dearness Allowance	50%	55%
Provident Fund (on basic wages)	8%	8%
Employees' State Insurance (on basic wages)	2%	2%
Overtime	10 hrs.	-
Idle time and leave	-	16 hrs.

The normal working hours for a month are 200 hours. Overtime is paid at double the normal wages plus dearness allowance. Employer's contribution to State Insurance and Provident fund are at equal rate with the employee's contributions. The month contains 25 working days and one paid holiday. The two workers were employed on jobs X, Y and Z in the following proportions:

Job	X	Y	Z
Worker A	80	60	60
Worker B	80	40	60

Overtime was done on job Y.

(or)

19. b. Calculate the earnings of workers A, B and C under straight piece rate system and Merrick's multiple piece rate system from the following particulars:

Normal rate per hour Rs.1.80
Standard time per unit 1 minute
Output per day is as follows:
Worker A – 384 units; Worker B – 450units; and Worker C – 552 units.
Working hours per day are 8 hours.

20.a. A manufacturing company has four production departments and six service departments. From the following information briefly apportion the service departments overheads to production departments only.

Production Departments	Rs.	Service Departments	Rs.
P ₁	30,000	S ₁ (Power)	18,000
P ₂	30,000	S ₂ (Purchasing Dept.)	15,000
P ₃	24,000	S ₃ (Stores Dept.)	12,000
P ₄	16,000	S ₄ (Canteen)	9,000
		S ₅ (Labour Welfare)	6,000
		S ₆ (Time Keeping)	4,500

Additional Information:

	P ₁	P ₂	P ₃	P ₄
Horse power of machine	600	600	300	300
Value of Materials purchased (Rs. In lakhs)	5	4	4	2
Number of stores requisitions	4	3	3	2
Number of workers	18	16	14	12

(or)

20.b. Explain the advantages of classifying overheads into fixed and variable overheads.