

**Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University), Coimbatore – 641 043**

**Master's Degree Examination, November 2018
Semester I**

**Class: I PG
Major: M.Com / M.Com(CA)**

**Time: 3 hours
Max. Marks: 60**

17MCOCO6 / 17MCCC06 COST ACCOUNTING

Part A

[10x ½ = 5 Marks]

Choose the correct answer

1. The basic objective of cost accounting is
 - (a) Tax compliance
 - (b) Financial audit
 - (c) Cost ascertainment
 - (d) None of the above

2. EOQ is a tool for controlling
 - (a) Debtors
 - (b) Creditors
 - (c) Inventory
 - (d) None of the above

3. Bonus under Halsey plan is paid
 - (a) At 100% of time saved
 - (b) At 75% of Time saved
 - (c) At 80% of Time Saved
 - (d) At 50% of time saved

4. Rent is apportioned on the basis of _____
 - (a) No. of workers
 - (b) Asset value
 - (c) Floor area
 - (d) Direct wage

5. Undervaluation of closing stock in cost accounts
 - (a) Decreases costing profit
 - (b) Increases costing profit
 - (c) Decreases financial accounts profit
 - (d) None of these

6. In contract costing, contract a/c is- prepared by the
 - (a) Contractee
 - (b) Contractor
 - (c) Both contractor and contractee
 - (d) None of these

7. A process loss, which is unavoidable, is
 - (a) Normal loss
 - (b) Abnormal loss
 - (c) Controllable loss
 - (d) Manageable loss

8. The secondary products, obtained during the course of manufacturing main products are
 - (a) Parent products
 - (b) Spares
 - (c) Tools
 - (d) By-products

9. Total Quality Management (TQM) focuses on
 - (a) Employee
 - (b) Customer
 - (c) Both (a) and (b)
 - (d) None of the above

10. An estimated cost per unit in long run, which enables company to achieve its per unit target, operating income is classified as
 - (a) Target operating income per unit
 - (b) Target cost per unit
 - (c) Total current full cost
 - (d) Total cost per unit

Part B

[5x 4 = 20]

Answer the following.

Answer should not exceed 200 words or one page

11. (a) Define Cost accounting. State its importance.

(or)

(b) Calculate works cost from the following details:

Raw material consumed	- Rs 50,000
Direct wages	- Rs20, 000
Direct expenses	- Rs 10,000
Factory expenses 80% of direct wages	
Opening stock of work in progress	- Rs 15,000
Closing stock of work in progress	- Rs 21,000

12. (a) List out various classifications of overhead.

(Or)

(b) From the following particulars, calculate the earnings of the 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.

A- 70 units and B- 90 units

13. (a) Explain the reasons for preparing reconciliation statement.

(Or)

(b) 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 site was Rs. 10,000. Depreciate plant by 10%. Prepare contract account showing profit to be credited to P & L a/c.

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 scarp value of Rs.10 per unit. The actual output of process I is 90 units, transferred to process II.

Prepare process I account and abnormal gain account.

(Or)

(b) From the following information find out the cost of X and Y, the latter being the by-product on whose sale a profit of 20% on selling price is obtained:

	Joint expenditure	Separate expenditure	
		X	Y
	Rs.	Rs.	Rs.
Materials	9,000	2,000	1,000
Labour	4,000	800	300
Expenses	2,000	1,000	400
Total amount realized by sale of Y was Rs. 3,500			

15. (a) A city corporation employs 80 vehicles of 5 ton capacity for conservancy work. On an average each vehicle makes 4 trips a day, covering a distance of 8 kms in each trip. Load actually carried is 80% of the capacity on average. On an annual average basis 20% of the vehicles are laid up for maintenance on any given day. The vehicles run 30 days a month. Calculate the total tone kms per month.

(Or)

- (b) Explain the significance of cost control.

Part C

[5x 7 = 35]

Answer the following

Answer should not exceed 600 words or three pages

16. (a) Briefly explain the various methods of costing:

(Or)

- (b) M/S. Indu Industries Ltd., are the manufactures 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	9,500hours
Machine hour rate	Rs. 2
Office overheads	20% of works cost
Selling overheads	50paise per unit
Units produced	20,000units
Units sold	18,000@Rs. 5per unit

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

17. (a) Two materials A and B 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: A-600 units; B-1000 units
 Delivery period: A-4 to 6 weeks; B-2 to 4 weeks

Calculate various stock levels.

(Or)

- (b) Suganthi Ltd purchased and Issued the material in the following order:

2015 Sept 5 Opening balance 50 units at Rs.3 per unit
 4 Issued 2 units
 8 Purchased 48 units at Rs.4 per unit
 9 Issued 20 unit
 10 Purchased 76 units at Rs.3 per unit
 22 Received back into stores 19 units out of 20 units issued on Sep 9th
 30 Issued to production 10 units

Prepare a stores ledger A/c by adopting the weighted average method of pricing.

18. (a) 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

(Or)

(b) Given:

Standard Time - 20 hours
Hourly rate - Rs.4

Calculate total earnings and the wage rate per hour under Halsey plan, Rowan Plan and when a worker takes:

(i) 16 hours; and

(ii) 12 hours.

19. (a) What is job costing? Explain its features.

(Or)

(b) Product X is obtained after it passes through three distinct processes. You are required to prepare Process Accounts from the following information:

	Total Rs.	Process		
		I Rs.	II Rs.	III Rs.
Material	15,084	5,200	3,960	5,924
Direct wages	18,000	4,000	6,000	8,000
Production overheads	18,000			

1,000 units @ Rs. 6 per unit were introduced in process 1. Production overheads are to be distributed as 100% on direct wages

Actual output	Unit	Normal Loss	Value of scrap per unit
			Rs.
Process I	950	5%	4
Process II	840	10%	8
Process III	750	15%	10

20. (a) What is bench marking? Explain its significance.

(Or)

(b) Define Cost audit. Explain its significance.
