Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore-641043
Bachelor's Degree Examination – November 2017

III Semester

Class : II UG **Time :3 Hours**
Major : B.Com / B.Com(CA) / B.Com(PA) **Max.Marks :100**

15BCOC09 / 15BCCC09 / 15BCPC10 Cost Accounting

Part – A **10x1=10**

Choose the correct answer

1. Costing is a technique of ----------------
   a. Inventory control
   b. Management control
   c. Ascertainment of cost
   d. Calculation of cost

2. When job is very big and spread over long periods of time the method of costing adopted is --------------
   a. Process
   b. Job
   c. Contract
   d. Operation

3. Work cost is the total of -------------
   a. Direct cost
   b. Indirect cost
   c. Variable cost
   d. Controllable cost

4. The quantity of material to be ordered at onetime is known as --------------
   a. EOQ
   b. BOQ
   c. EBQ
   d. Re-order period

5. The process of distribution of overheads allotted to a particular department or cost center over the units produced is called -----------------
   a. Allocation
   b. Apportionment
   c. Absorption
   d. Departmentalization

6. Analysis of selling and distribution overheads is done by ----------------
   a. Nature of expenses and functions
   b. Areas, products and salesmen
   c. Types of customers and channels of distribution
   d. All of the above

7. In accounting for labour cost -------------
   a. A direct labour cost and indirect labour cost are charged to prime cost
   b. Direct labour cost and indirect labour cost are charged to overheads
   c. Direct labour cost is charged to prime cost and indirect labour cost is charged to overheads.
   d. All of the above

8. Labour turnover can be measured by the following methods except ------------
   a. Attrition method
   b. Separation method
   c. Replacement method
   d. Flux method

9. The cost of goods sold is equal to --------------
   a. Total Purchase – Total Sales
   b. Opening Stock + Total Purchase
   c. Opening Stock – Total Purchases + Closing Stock + Direct Costs
   d. Opening Stock + Total Purchase – Closing Stock + Direct Costs

10. Depreciation is ---------------- expenditure.
    a. Semi Variable
    b. Fixed
    c. Direct
    d. Indirect

Part – B

5x6=30

Answer the following

Answer should not exceed 400 words or two pages

11. a. State the objectives of Cost Accounting.

(or)

11. b. Define Costing. Explain its advantages.

12. a. Ascertain (i) prime cost; (ii) works cost; (iii) cost of production and (iv) total cost from the under mentioned figures:

Factory expenses Rs.30,000; Administration expenses Rs.20,000; Labour Rs.25,000; Materials Rs.35,000; Selling expenses Rs.10,000.

(or)

12. b. Explain different elements of cost.

13. a. Find out the economic ordering quantity (E.O.Q) from the following particulars:

Annual usage: Rs.1,20,000

Cost of placing and receiving one order: Rs.60

Annual carrying cost: 10% of inventory value.

(or)

13. b. Find out the minimum stock level, maximum stock level and ordering level from the following particulars.

(i) Minimum consumption = 100 units per day
(ii) Maximum consumption = 175 units per day
(iii) Normal consumption = 125 units per day
(iv) Re-order quantity = 1500 units
(v) Minimum period for receiving goods = 7 days
(vi) Maximum period for receiving goods = 15 days
(vii) Normal period for receiving goods = 10 days

14. a. A work measurement study was carried out in a firm for 8 hours and the following information was available:

Units produced	40
Performance rating	80%
Idle time	10%
Allowance time	10% of standard time

What is standard time for task?

(or)

14. b. Calculate the earnings of a worker under Rowan Premium Bonus system from the following particulars:

Hourly rate of wages (guaranteed) Rs.0.75,

Standard time for producing one dozen articles is 3 hours. Actual time taken by the worker to produce 20 dozen articles is 48 hours.

15. a. In a factory, there are two service departments S_1 and S_2 and three production departments P_1, P_2 and P_3. In April 2010, the departmental expenses were:

Departments :	P_1	P_2	P_3	S_1	S_2
Rs.	6,50,000	6,00,000	5,00,000	1,20,000	1,00,000

The service department expenses are allocated on a percentage basis as follows:

Service	Production Departments			Service Departments	
Departments	P_1	P_2	P_3	S_1	S_2
S_1	30	40	15	-	15
S_2	40	30	25	5	-

Prepare a statement showing the distribution of the two service departments expenses to the three departments by repeated distribution method.

(or)

15. b. A departmental store has several departments. What basis could you recommend for apportioning the following items of expenses to its departments.
i) Rent ii) Advertisement iii) Sales Commission iv) Delivery Expenses
v) Fire Insurance of Building vi) Purchase Department Expenses.

Part – C **5x12=60**
Answer the following

16. a. Distinction between Financial Accounting and Cost Accounting.
(or)
16. b. Explain different methods of costing.

17. a. The accounts of Z manufacturing company for the year ended December, 2015 show the following.

	Rs.		Rs.
Factory office salaries	6,500	Traveling expenses	2,100
General office salaries	12,600	Traveller's salaries & commission	7,700
Carriage outward	4,300	Productive wages	1,26,000
Carriage on purchases	7,150	Depreciation plant & machinery	6500
Bad debts written off	6,500	Depreciation furniture	300
Repairs of plant & machinery	4,450	Directors fees	6,000
Rent, Rates & taxes		Gas & Water factory	1200
Factory	8,500	Office	400
Office	2,000	Manager's salary	
Sales	4,61,100	(¾ factory & ¼ office)	10,000
Stock of materials		General expenses	3,400
Dec 2014	62,800	Income tax	500
Dec 2015	48,000	Dividend	1,000
Materials purchased	1,85,000		

Prepare statement giving the following information.
i) Materials consumed ii) Prime cost iii) Factory cost
iv) Cost of production v) Total cost vi) Net profit
(or)

17. b. A manufacturing concern requires a statement showing the result of its production operation for September,2014. Cost records give the following information.

	1st September, 2014	30th September,2014
Raw material	1,00,000	1,23,500
Finished goods	71,500	42,000
Work in progress	31,000	34,500

Transaction during the month of September,2014.

18. a. Compute the (i) re-order level; (ii) minimum level; (iii) maximum level; and (iv) average stock level for components A and B based on the following data.

Components	A	B
Maximum consumption per week(in units)	150	150
Average consumption per week(in units)	100	100
Minimum consumption per week(in units)	50	50
Re-order period(in weeks)	8 to 12	4 to 8
Re-order quantity(in units)	400	600

(or)

18. b. Bharat manufacturing company uses copper wire which is purchased from the market as and when necessary. The following purchases and issues were made during the month of January,2016.
Jan 1 opening balance 300kgs @ Rs. 25 per kg.

Jan 3 purchased 500kgs @ Rs.26.60 per kg (purchase .order No.101)
Jan 4 Issued 220kgs (material required No.201)
Jan 10 Issued 440kgs (material required No.202)
Jan 20 Purchased 490kgs @ Rs.23 per kg(purchase .order No.102)
Jan 25 Issued 300kgs (material required No.203)
Jan 26 Surplus 20kgs returned to store out of quantity issued on January 4(material required note No.20)

Prepare store ledger account for the above transactions according to 'LIFO' method of pricing issue of materials.

19. a. An article passes through five hand operations as follows:

Operation No	Time per article	Grade of worker	Wage rate per hour
1	15 minutes	A	Rs.0.65
2	25 minutes	B	Rs.0.55
3	10 minutes	C	Rs.0.45
4	30 minutes	D	Rs.0.40
5	20 minutes	E	Rs.0.35

The factory works a 40 hour week, and the production target is 600 dozen per week. Prepare statement showing for each operation and in total the number of operations required, the labour cost per dozen and the total labour cost per week to produce the target output.

(or)

19. b. Calculate the earnings of workers A and B under straight piece-rate system and Taylor's differential piece-rate system from the following particulars.

Normal rate per hour = Rs.1.80
Standard time per unit = 20 seconds
Differentials to be applied:
80% of piece rate below standard
120% of piece rate at or above standard

Worker A produces 1300 units per day and worker B produces 1,500 units per day.

20. a. Kumaresh Ltd has three production departments P_1,P_2 and P_3 and two service departments S_1 and S_2. The following figures are extracted from the records of the company:

	Rs
Rent & Rates	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General lighting	600
Power	1,500
Sundries	10,000

Following further details are available:

	Total	P_1	P_2	P_3	S_1	S_2
Floor Space (sq.meters)	10,000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages(Rs)	10,000	3000	2000	3000	1500	500
H.P. of machines	150	60	30	50	10	-
Value of Machinery(Rs)	2,50,000	60,000	80,000	1,00,000	5000	5000

Apportion the costs to various departments on the most equitable basis by preparing a primary departmental distribution summary.

(or)

20. b. Explain in brief about various classification of overhead costs.

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