



MAR IVANIOS COLLEGE (AUTONOMOUS)
THIRUVANANTHAPURAM

Reg. No. :.....

Name :.....

Fifth Semester B.Com. Degree Examination, November 2016

First Degree Programme under CBCSS

Core Course: Commerce – XII

AUCO542: Cost Accounting

Time: 3 Hours

Max. Marks: 80

SECTION – A

Answer ALL questions in one or two sentences.

1. Define cost centre.
2. Give any two examples of fringe benefits.
3. What is semi – variable overhead ? Give an example.
4. Differentiate between wastage and scrap
5. What is apportionment of overheads ?
6. What do you mean by sunk cost ?
7. What are direct materials ?
8. The cost price of a tender is Rs.5,00,000. What will be the tender price if the profit added is 20% of the tender price ?
9. What is bin card ?
10. What do you mean by prime cost ?

(10 × 1 = 10 Marks)

SECTION – B

Answer any EIGHT questions, not exceeding a paragraph.

11. State whether ‘nails and adhesives’ used in furniture manufacturing are direct materials or indirect. Justify your answer.
12. What is ABC analysis ?
13. Show the treatment of idle time in cost accounts.

P.T.O.

1493

14. Differentiate between apportionment and absorption of overheads.
15. Distinguish between stock and inventory.
16. The annual demand for an item is 3200 units at the rate of Rs.6 per unit. The inventory carrying cost is 25% per annum and the cost per order is Rs.150. Determine EOQ and the number of orders per year.
17. Distinguish between costing method and costing technique.
18. Cite any two disadvantages of piece rate system of wage payment
19. A labourer is paid Rs. 50 per hour for the work to be completed in 8 hours. If he completes the work in 6 hours, calculate his wages under Rowan plan.
20. What do you understand by over/under absorption of overheads ?
21. What is minimum/buffer stock? Indicate the importance of lead time in fixing buffer stock.
22. Given the following:
Number of workers = 100.
Days of work in an year = 300.
Hours of work per day = 8.
Normal idle time = 5%.
Departmental works overheads = Rs.11400. Calculate labour hour rate for absorption of overheads.

(8 × 2 = 16 Marks)

SECTION – C

Short essay type: Answer any SIX questions.

23. State with reasons what method of cost ascertainment is suitable in each of the following:
 - i. Electric supply
 - ii. Oil refining
 - iii. Soap manufacturing and
 - iv. Printing
24. Fix the minimum and maximum limits, ordering and danger levels from the following information:
 1. Average daily requirements – 12 units.
 2. Usual time to obtain supply – 2weeks, i.e., 12 working days.
 3. Maximum requirement in the month of 4 weeks – 400 units.

4. Minimum requirement in this period – 200 units.
5. Economic Order Quantity – 20 units.
6. Time sufficient for emergent supply – 2 days
25. In a company, the works overheads are 20% of wages and office overheads are 10% of works cost. What price shall the company quote for a supply of which, it is estimated, will require material worth Rs. 1000 and Rs.1500 for wages and the profit would be 20% of selling price ?
26. Briefly explain the difference between costing profit and financial profit
27. What is integrated accounting system ? What are its advantages ?
28. Using the following information calculate the remuneration of a worker under
 - (i) Halsey Premium Plan and (ii) Rowan Premium Plan
 Work started - 1-4-2008 at 8 a.m., Work finished - 5 - 4 - 2008 at 12 N Work allotted – 40 units, Work done and approved – 500 units, Time and units allowed – 10 units per hour, Wage rate Rs.3 per hour, Bonus 40% of time saved, Worker worked for 9 hours a day.
29. Z Ltd. Produces 500 boxes of a product every month. The rate of raw materials is Rs.10 per unit. The ordering cost is Rs.400 per order and other costs are as follows:
 - a. Interest 2% per annum
 - b. Godown rent Rs.150 per month
 - c. Insurance premium 3.6% on policy of Rs.100000
 - d. Wastage, theft etc. 1% per annum
 Calculate EOQ and Total inventory cost.
30. At 60% capacity utilization the overhead recovery rate is Rs. 17.50 per unit. At 70% capacity the rate gets reduced to Rs. 16 per unit. Find out what should be the recovery rate if the production attains 90% capacity utilization.
31. From the following details of receipts and issues of materials of a manufacturing concern prepare stores ledger under LIFO method of valuing issues.

October	1	Balance 500 units @ Rs.10 per unit
	10	Ordered 250 units
	18	Issued 125 units
	21	Received 150 units @ Rs.11 per unit

	25	Ordered 200 units
November	1	Issued 175 units
	10	Received 200 units @ Rs.12 each
	20	5 units defective, returned: they were purchased on October 21
December	1	Received 100 units @ Rs.11 each
	15	Issued 150 units
	20	Returned to store 25 units, issued on December 15
	30	Issued 125 units

(6 × 4 = 24 Marks)

SECTION – D*Long essay type: Answer any TWO questions.*

32. Ms. Mysore petro Ltd. showed a net loss of Rs. 205000 as per the financial records for the year ended 31st March 2015. The cost accounts, however, disclosed a net loss of Rs.164000 for the same period. The following information was revealed as a result of scrutiny of figures of both the books.

1. Under absorption of factory overheads	Rs.3000
2. Administrative overheads over recovered	Rs. 2000
3. Cl. Stock as per financial books	Rs. 15000
4. Closing stock as per cost books	Rs. 12000
5. Interest on investments	Rs. 10000
6. Income tax provided	Rs. 60000
7. Transfer fees (in financial books)	Rs. 1000
8. Stores adjustments (Cr. In financial books)	Rs. 1000
9. Deprecation charged in financial books	Rs. 60000
10. Depreciation recovered in cost	Rs. 65000

Prepare reconciliation statement

33. The following information is available from the books of Cochin Industries Ltd. for the year ended 31st March 2015. Prepare cost sheet.

Opening Stock : Finished goods	20000
Raw materials	140000
Purchases	210000
Factory wages	380000
Factory overheads	70000
Administrative overheads	40000
Closing stock: Raw materials	19600
Finished goods	160000
Sales	756000

The number of products manufactured was 4000 including those sold and those in stock at the end.

The company wishes to supply 1000 units of the product in the forthcoming period on the basis of the above figures. It is likely that the cost of materials and labour will increase by 15% and 10% respectively. Calculate the price to be quoted.

34. Modern Machines Ltd. has three production departments A, B and C and two service departments D and E. From the following figures extracted from the records of the company, calculate the overhead rate per labour hour.

Indirect materials	Rs. 1500	Indirect wages	Rs.10000
Depreciation on machinery	Rs. 25000	Depreciation on building	Rs. 5000
Rent, rates and taxes	Rs. 10000	Electric power for machinery	Rs. 15000
General expenses	Rs.15000	Elect. Power and lighting	Rs. 5000

Items	Total	A	B	C	D	E
Direct materials	Rs.60000	Rs.20000	Rs10000	Rs.19000	Rs.6000	Rs.5000
Direct labour	Rs.40000	Rs.15000	Rs.15000	Rs.4000	Rs.2000	Rs.4000
Value of machinery	Rs.250000	Rs.60000	Rs.100000	Rs.40000	Rs.25000	Rs.25000
Floor area(Sq.Ft.)	50000	15000	10000	10000	5000	10000
H P of machines	150	50	60	30	5	5
No. of light points	50	15	10	10	5	10
Labour hours	15000	5000	5000	2000	1000	2000

1493

The expenses of service departments D & E are to be apportioned as below

	A	B	C	D	E
D	40	20	30	-	10
E	30	30	10	-	-

35. Explain the different methods of wage payment and indicate the relative advantages and disadvantages.

(2 × 15 = 30 Marks)

∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*∫*