

## FOURTH SEMESTER B.Com DEGREE EXAMINATION, APRIL 2023

(Regular/Improvement/Supplementary)

FINANCE &amp; COPUTER APPLICATION

GBCM4B05T: COST ACCOUNTING

Time: 2 ½ Hours

Maximum Marks: 80

**SECTION A: Answer the following questions. Each carries two marks.****(Ceiling 25 Marks)**

1. What are historical costs?
2. Distinguish between cost of goods sold and cost of sales.
3. What do you mean by central stores with sub stores?
4. Define perpetual inventory system?
5. State the mechanical methods of time keeping.
6. How do you treat idle time in cost accounts?
7. What are variable overheads?
8. Define machine hour rate.
9. Mention the industries to which unit cost methods can be applied.
10. How the sale of scrap is treated in cost sheet?
11. Name the concerns, where job costing is applicable?
12. What is work-in-progress with respect to contract account?
13. Define process costing.
14. Define budgetary control?
15. What is flexible budget?

**SECTION B: Answer the following questions. Each carries five marks****(Ceiling 35 Marks)**

16. "Cost accounting system is neither unnecessary nor expensive; rather it is a profitable investment. Comment.
17. What is FIFO method? What are its advantages and disadvantages?
18. What are the various situations in which piece rate system is found more suitable?
19. Standard time allowed for a job is 20 hours and the rate per hour is ₹ 2 plus dearness allowance at 60 paise per hour worked. The actual time taken by the worker is 15 hours. Calculate the earnings under Halsey plan
20. XY Ltd furnishes the following data relating to the manufacture of a standard product during the month of April 2021:

Raw material used.....	₹ 15,000
Direct wages.....	₹ 9,000
Man hours worked.....	900 hours
Machine hour rate.....	₹ 5 per hour
Office overhead.....	20% on works cost
Selling overhead.....	₹ 0.50 per unit
Units produced.....	17,100
Unit sold.....	16,000 @ ₹ 4/unit

You are required to prepare a cost sheet from the above showing the cost per unit and profit for the period.

(PTO)

21. The total value of a contract is 2,40,000. The position of the year 2020 in which the contract started was as under:

Material.....	₹ 40,000
Wages.....	₹ 20,000
Overhead expenses.....	₹ 6,000
Plant.....	₹ 30,000
Direct charges .....	₹ 15,000

The plant is to be depreciated by 10%. ₹ 1,20,000 representing 80% of work certified was received in cash. At the end of the year work done but not certified amounted to ₹ 7,500 and material at site was ₹ 3,000.

Prepare Contract Account.

22. What is abnormal wastage? Explain the treatment of abnormal wastage in process accounting?

23. A product passes through three distinct process to their completion. These processes are named as A, B and C. Prepare process cost accounts from the following data. Production overheads recovered on 200% of direct wages. Production during the period was 400 units. There was no opening or closing work-in-progress

	Process A (₹)	Process B (₹)	Process C (₹)
Direct material	7,200	1,200	400
Direct wages	400	800	400
Direct expenses	1,200	-	800

**SECTION C: Answer any two questions. Each carries ten marks.**

24. Following is a summary of receipts and issues of a material in a factory during December 2021

- Dec. 1.21 Opening balance 500 tonnes @ ₹ 20
- Dec. 2.21 Issued 70 tonnes
- Dec. 4. 21 Issued 100 tonnes
- Dec. 6. 21 Issued 80 tonnes
- Dec. 9.21 Received from supplier 200 tonnes @ ₹19
- Dec.11.21 Purchased 100 tonnes @ 21
- Dec 13.21 Issued 180 tonnes
- Dec 16.21 Received from suppliers 240 tonnes @ ₹ 22
- Dec 18.21 Issued 300 tonnes
- Dec 21 21 Received from supplier 320 tonnes @ ₹18
- Dec 23 21 Issued 115 tonnes
- Dec 27. 21 Received from supplier 100 tonnes@ ₹23

The stock verifier of the factory has found a shortage of 10 tonnes on 22<sup>nd</sup> and left a note accordingly. Issues are to be priced on the principle of first-in-first-out.. Prepare the stores ledger account.

25. A company has three production departments and two service departments. Distribution summary of overhead is as follows:

Production departments: A – ₹ 3000, B – ₹ 2000, C – ₹ 1000

Service department: X – ₹ 234, Y – ₹ 300

The expenses of service departments are charged on a percentage basis which is as follows:

	A	B	C	X	Y
X	20%	40%	30%	-	10%
Y	40%	20%	20%	20%	-

Find out the total overheads of production department using simultaneous equation method and redistribution method

26. The estimated material cost of a job is ₹ 5,000 and direct labour cost is likely to be ₹ 1,000. In machine shop it will require machining by Machine No. 10 for 20 hours machine No.11 for 6 hours. Machine hour rate for Machine No. 10 and machine No.11 are respectively ₹ 10 and ₹ 15. Considering only machine shop cost the direct wages in all other shops last year amounted to ₹ 80,000 as against ₹ 48,000 factory overhead. Last year factory cost of all jobs amounted to ₹ 2,50,000 as against ₹ 37,500 office expenses. Prepare a quotation which generates 20% profit on selling price

27. A company is expecting to have ₹ 25,000 cash in hand on 1st April 2021 and it requires you to prepare an estimate of cash position during 3 months. The following information is given:

Month	Sales [₹]	Purchase [₹]	Wages [₹]	Overheads [₹]
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

(2 x 10 = 20 Marks)