BCOM DEGREE (CBCS) EXAMINATION, OCTOBER 2019

Fifth Semester

Core Course - CO5CRT14 - COST ACCOUNTING - 1

(Common to B.Com Model II Computer Applications ,B.Com Model II Finance & Taxation,B.Com Model II Logistics Management,B.Com Model II Marketing,B.Com Model II Travel & Tourism,B.Com Model III Computer Applications,B.Com Model III Office Management & Secretarial Practice,B.Com Model III Taxation,B.Com Model III Travel & Tourism,B.Com Model I Finance & Taxation,B.Com Model I Co-operation,B.Com Model I Computer Applications,B.Com Model I Marketing,B.Com Model I Travel & Tourism)

2017 Admission Onwards

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Maximum Marks: 80

Time: 3 Hours

Part A

Answer any ten questions.

Each question carries 2 marks.

1. Define Cost.

2. What is Joint Cost?

3. What is Job costing?

4. What is Double Bin system?

5. What is material cost accounting ?Explain its objectives.

6. What is Simple average price method ?

7. What is Group bonus system?

8. From the following particulars, find the amount of cash required for payment of wages in a factory for a particular month

Wages for normal hours worked	20500
Wages for overtime	2200
Leave wages	2700
Deduction of employee's share to State insurance	500
Employee's contribution to provident fund	1600
House rent is to be recovered from 30 employees at 20 per month	

9. What do you mean by variable overhead?Give examples

10. Define cost allocation & cost apportionment

11. List out the factors to be considered while selecting a suitable method of overhead absorption.

12. State briefly the treatment of under or over absorption of overheads while reconciling costing profits with financial profits.

13. Discuss the advantages of cost control.

14. After inviting tenders ,two quotations are received as follows a) Rs 1.20 per unit b) Rs 1.10 per unit ,plus Rs 3000 fixed charges to be added irrespective of units ordered . Advise with your arguments with whom order should be placed and what quantity is to be ordered. The following additional information may be of interest : Present Stock 35000 units Average monthly requirements 10,000 units Maximum level 80,000 units Minimum level 30,000 units Sales tax problem may be ignored

15. What are the objectives of payroll?

16. Explain the suitability of Time wage system

17. *"Overhead which is common to two or more dept. or cost centres are required to be apportion among these depts. It has to be made on some equitable basis" Explain the important bases for apportionment of overhead.*

18. K Ltd has 3 production departments A,B and C and 2 service departments D and E Following figures are extracted from the records of the company

Rent and rates – Rs 5000

Indirect wages – Rs 1500

Depreciation of machinery—Rs 10000

General lighting --- Rs 600

Power --- Rs1500

Sundries --- Rs 10000

Following further details are available:

	A	B	C	D	E
Floor space (sq.metres)	2000	2500	3000	2000	500
Light points	10	15	20	10	5
Direct wages	3000	2000	3000	1500	500
H P of machines	60	30	50	10	--
Value of machinery	60000	80000	100000	5000	5000

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

19. The following particulars relate to a machine working in a manufacturing department for one month.

Rent and rates per month – Rs 6000

Lighting per month ---Rs 2750

Supervisor's charges per month – 4000

Wages of the machine operator per month –Rs2000

Insurance of machine per annum – Rs3000

Depreciation of the machine per annum ---Rs9000

Repairs and maintenance of machine per annum RS3600

Power used per hour – 5 units @ Rs 4

Lubricants. cotton waste etc per month Rs 150

The machine worked for 600 hours during the month. Calculate the composite machine hour rate

20. Explain the following terms. (1) Prime cost (2) Works Cost (3) Cost of Production (4) Cost of goods sold (5) Work-in-progress.

21. Prepare a model memorandum reconciliation account.

(6×5=30)

Part C

Answer any two questions.

Each question carries 15 marks.

22. What are the steps in installing a costing system?

23. The following particulars relate to a manufacturing company with 3 production departments X, Y and Z and 2 service departments S1 and S2 The following details are distributed to the departments as per primary distribution summary

Dept X Rs18900

Dept Y Rs 22200

Dept Z Rs 8400

Dept S1 Rs 13500

Dept S2 Rs 9000The service dept cost are shared as follows:

	A	B	C	S1	S2
S1	40%	30%	20%	--	10%
S2	30%	30%	20%	20%	--

Find out the overhead of production departments on the basis of step ladder method

24. From the following information, calculate total cost and sales..Materials consumed-Rs.1,25,000; Wages Rs.75,000; Works on cost-50% of direct wages; Office on cost-30% of works cost; Selling on cost-20% of works cost; Selling and distribution overhead @ 10% of sales. Opening Work in progress:Rs.15,000; Closing Work in progress:Rs.5,000; Opening finished goods:Rs.5,000; Closing finished goods Rs.10,000. The firm earns a profit of 1/5th of cost.

25. Following are the particulars for the production of 1,20,000 toys of Hatfeels Co. Ltd. For the year 2019. Cost of Materials-Rs.2,75,000; Wages-1,50,000; Manufacturing expenses-Rs.1,15,000; Salaries-Rs.95,000; Rent & rates- Rs.45,000; Selling expense-Rs.32,000; General expense-Rs.10,000; Sales-Rs.9,00,000. The company plans to manufacture 40,000 mobile phones during 2019. You are required to submit a statement showing the price at which phones would be sold so as to show a profit of 15% on Selling price. Additional information: (a) Price of material is expected to rise by 10%. (b) Wages are expected to show an increase of 15% (c) Manufcturing expenses will rise in proportion to the combined cost of materials and wages. (d) Selling price will increase by 5%. (e) Other expenses will remain unaffected by the rise in output.

(2×15=30)