

BCOM 3003

B.Com. DEGREE EXAMINATION, JANUARY 2022.

Third Year/Non-Semester

Commerce

COST ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE out of Eight questions.

1. State the meaning and objectives of Cost Accounting.
2. Define Activity Based Costing (ABC). Explain the Objectives of Activity Based Costing (ABC).
3. Prepare the stores ledger account under FIFO method June 1 Purchases 800 units at Rs.3 per unit :
 - 5 Issued 500 units
 - 8 Purchases 600 units at Rs. 4 per unit
 - 15 Purchases 700 units at Rs. 4 per unit
 - 20 Issued 800 units
 - 25 Purchases 300 units at Rs. 5 per unit

4. From the following particulars, calculate the earnings of workers A and B under straight piece rate system and Taylor's differential piece rate system.

Standard time allowed – 10 units per hour

Normal time rate per hour – Re. 1

Differential to be applied

80% of piece rate when below standard 120% of piece rate at or above standard in a day of 8 hours.

A produced 75 units

B produced 100 units

5. A manufacturing concern has three production departments and two service departments. The departmental expenses were as follows :

Production departments	Rs.
A	16,000
B	13,000
C	14,000

Service Departments :

X	4,000
Y	6,000

The service department expenses are charged out on a percentage basis viz.,

	A	B	C	X	Y
Department X	20%	25%	35%	–	20%
Department Y	25%	25%	40%	10%	–

Prepare a statement of secondary distribution under repeated distribution method.

6. Modern Printers undertook two jobs. The following details are :

	Job-110	Job-120
Materials supplied (Rs.)	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material transfer from job 120 to 110	200	200
Materials returned to stores	—	100

Find the cost of each job and profit or loss if any assuming the job 120 is completed and invoiced to the customers at Rs. 3,000.

7. Product A is obtained after it passes through three distinct processes. 2,000 kgs of material at Rs. 5 per kg were issued to process I. Direct wages amounted to Rs. 900 and production overhead incurred was Rs. 500. Normal loss is estimated at 10% of input. This wastage is sold at Rs. 3 per kg. The actual output is 1,850 kgs. Prepare process I account.

8. During the year 2014, Ram limited, produced 50,000 units of a product. The following were the expenses :

	Rs.
Stock of raw materials on 1.1.2014	10,000
Stock of raw materials on 31.12.2014	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

Prepare a cost sheet.

PART B — (4 × 15 = 60 marks)

Answer any FOUR out of Six questions.

9. Explain the Importance of Cost Concept. State the Essentials of good Cost Accounting System.
10. From the following information prepare a cost sheet for the month of December 2014.

	1.12.2014	31.12.2014
	Rs.	Rs.
Raw materials	25,000	26,200
Work in progress	8,200	9,100
Finished goods	17,300	15,700

	Rs.
Purchase of raw materials	21,900
Carriage on purchase	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Admin. Overheads	3,200
Selling and distribution o/h	4,200

11. Record the following transactions in stores ledger, pricing the materials under FIFO method.

May 1 Balance 50 units at Rs. 30 Per unit
 3 Received 300 units at Rs. 30 per unit
 5 Issued 200 units
 7 Issued 120 units
 8 Received back 10 units (issued on 7th May)
 10 Received to vendor 15 units purchased on 3rd May
 15 Received 200 units at Rs. 32
 18 Issued 150 units
 19 Issued 50 units

The stock verification found a shortage of 10 units on 20th.

12. A product passes through two processes and then to finished stock. The normal wastage of each process is Process – A 3% and Process – B 5%. The wastage of Process A was sold @ Rs. 5 per unit and that of Process B at Rs. 10 per unit. 20,000 units were introduced into Process A at the beginning of January 2015 at a cost of Rs. 40 per unit.

	Process A	Process B
Sundry materials	40,000	60,000
Wages	2,00,000	3,20,000
Manufacturing expenses	30,000	28,500

The output of Process A was 19000 units and that of Process B 18200 units.

Prepare process accounts.

13. State the Meaning of Overheads. Explain the Classifications of Overheads.
14. Calculate the normal and overtime wages payable to a workman from the following data :

Days	Hours worked
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Friday	9
Saturday	4

Normal working hours - 8 hours per day

Normal rate: Rs. 2 per hour

Overtime rate: Double the usual rate.
