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D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE-1

SEMESTER EXAMINATIONS

NOVEMBER – 2017 15CCO5A/15CCC5A

# COST ACCOUNTING - I

Time : 3 Hrs Max. Marks : 75

SECTION-A (10 x 2 = 20)

Answer ALL questions.

1. Define Cost Accounting.
2. What is Cost Sheet?
3. What do you understand by ABC analysis in inventory control?
4. What is Scrap?
5. Write a note on ‘Idle Time’.
6. Compute Labour Turnover Rate under separation Method from the following:

Number of workers left from the factory : 60

Average number of workers present in the factory : 540

1. Calculate overhead rate based on machine hours:

Works Overhead : Rs.70,000

Machine Hours : 3500

1. From the following particulars, calculate raw materials consumed:

Opening stock of raw materials : Rs. 5,000

Closing stock of raw materials : Rs. 6,000

Purchase of raw materials : Rs.24,000

Carriage on Purchase : Rs. 3,000

1. What is meant by overhead?
2. Write a note on Labour Hour Rate.

SECTION-B (5 x 5 = 25)

Answer any FIVE of the following questions.

1. Explain the different classification of costs.
2. Bring out differences between Cost Accounting and Financial Accounting.
3. Calculate the Economic Order Quantity from the following:
   * 1. Quantity 600 units
     2. Ordering cost Rs.12 per order
     3. Carrying cost 20%
     4. Price per unit Rs.20.
4. Component **A** is used as follows:

Normal usage 50 units per week each

Minimum usage 25 units per week each

Maximum usage 75 units per week each

Re-order quantity : 300 units

Re-order period : 4 to 6 weeks

Calculate : Re-order level, Minimum level, Maximum level and Average stock level.

1. Standard time allotted for a job is 20 hours and the rate per hour is Re.1 plus a dearness allowance @ 30 paise per hour worked. The actual time taken by a worker is 15 hours. Calculate the earnings under- (i) Halsey Plan and (ii) Rowan Scheme.
2. In a factory there are two service departments P and Q and three production

departments A, B and C. During April, 1995 the Departmental expenses were:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Department | **A** | **B** | **C** | **P** | **Q** |
| Rs. | 65, 000 | 60,000 | 50,000 | 12,000 | 10,000 |

The service department expenses are allowed as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **A** | **B** | **C** | **P** | **Q** |
| Service Department- P | 30% | 40% | 15% | - | 15% |
| Service Department -Q | 40% | 30% | 25% | 5% | -- |

Distribute the service department expenses over the production department under repeated distribution Method.

1. The Road Transport Co, which keeps a fleet of Lorries, shows the following information:

Runs for April 30,000 kms

Wages for April Rs. 2,000

Petrol , Oil etc. for April Rs. 4,000

Original cost of vehicle Rs. 1, 00,000

Depreciation to be allowed @ 25% p.a. on original cost

Repairs for the Month for April Rs. 6,000

Garage Rent etc. for April Rs. 1,000

Licence, Insurance etc. for the year Rs. 6,000

Prepare Operating Cost Sheet for April showing the fixed cost, variable and total cost per running-Km.

1. Calculate more beneficial wages of workers A and B under straight piece rate system or time rate system:

Production ( in 44 hours): A= 100 Units

B= 140 Units

Time Rate: Rs.2.50 Per Hour

Piece Rate: Re. 1 Per Unit.

SECTION-C (3 x 10 = 30)

Answer ALL questions.

1. (a) Mr. Gopal furnishes the following data relating to the manufacture of a standard product

during the Month of April 1977:

Raw materials consumed Rs.15,000

Direct labour charges Rs. 9,000

Machine hours worked 900

Machine hour rate Rs. 5

Administration overheads 20% on works cost

Selling overhead Re.0.05 per unit

Units produced 17,100

Units sold 16,000 at Rs.4 per unit

You are required to prepare a cost sheet from the above, showing:

1. The cost per unit,
2. Cost per unit sold and profit for the period.

(Or)

(b) Discuss the different methods of Pricing Material issues.

1. (a) The following transaction occurred in the purchase and issue of a material:

Jan. 2 Purchased 4,000 units @ Rs.4.40 per unit

Jan. 20 Purchased 500 units @ Rs. 5.00 per unit.

Feb. 5 Issued 2,000 units.

Feb. 10 Purchased 6,000 units @ Rs.6.00 per unit

Feb. 12 Issued 4,000 units.

March 2 Issued 1,000 units

March 5 Issued 2,000 units.

March 15 Purchased 4,500 units @ Rs.5.50 per unit.

March 20 Issued 3,000 units.

From the above, prepare the stores ledger account, by adopting LIFO method of charging Material issues.

(Or)

(b) Explain the various incentive plans.

21. (a) Calculate the normal and overtime wages payable to a workman from the following data:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Day | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| Hours Worked | 8 | 10 | 9 | 11 | 9 | 4 |

Normal working hours 8 hours per day

Normal Rate : 50 paise per hour

Overtime Rate : Up to 9 hours in a day at single rate and over 9 hours in a day at double rate whichever is more beneficial to the workman?

(Or)

(b) Kumaresh Ltd., has three production departments ‘A’, ‘B’ and ‘C’ and two service departments ‘D’

and ‘E’. The following figures are extracted from the records of the company:

|  |  |
| --- | --- |
|  | Rs. |
| Rent and 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 | A | B | C | D | E |
| Floor space in square feet | 10,000 | 2,000 | 2,500 | 3,000 | 2,000 | 500 |
| Light points | 60 | 10 | 15 | 20 | 10 | 5 |
| Direct wages (Rs.) | 10,000 | 3,000 | 2,000 | 3,000 | 1,500 | 500 |
| H.P of machines | 150 | 60 | 30 | 50 | 10 | - |
| Value of machinery (Rs.) | 2,50,000 | 60,000 | 80,000 | 1,00,000 | 5,000 | 5,000 |

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

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