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

SEMESTER EXAMINATIONS

NOVEMBER – 2016 CCO5A

# COST ACCOUNTING - I

Time : 3 Hrs Max. Marks : 75

SECTION-A (10 x 2 = 20)

Answer ALL questions.

1. Define Cost Accounting.
2. What do you mean by ABC analysis?
3. List out the disadvantages of FIFO method.
4. What do you mean by “Over Time”?
5. Define Overheads.
6. From the following particulars, calculate the Economic Order Quantity.

|  |  |
| --- | --- |
| Annual consumption of materials | - 4000 units |
| Cost of buying per order | - Rs. 20 |
| Cost per unit | - Rs. 2 |
| Cost of carrying inventory | - 8% of cost |

1. Compute the amount of Office Overhead:

|  |  |
| --- | --- |
| Particulars | Rs. |
| Office Salaries | 10,000 |
| Stationary | 5,000 |
| Audit fees | 2,000 |
| Advertising | 9,000 |
| Depreciation of office fittings | 3,000 |
| Travelling expenses | 500 |

1. Calculate the earnings of a work under Halsey Premium Plan:

Time allowed – 48 hours

Time taken – 40 hours

Rate per hour – Rs. 1

1. Compute Closing Stock under LIFO:

|  |  |
| --- | --- |
| Purchase of Material on 1.1.2010 | * 200 units @ Rs.16 per unit |
| Purchase of Material on 8.2.2010 | * 300 units @ Rs.18 per unit |
| Issue of Material on 15.2.2010 | * 350 units. |

1. Find out the amount of rent apportioned to each department Rent Rs. 8000.

Space occupied by departments

|  |  |
| --- | --- |
| A | - 100 SQ Feet |
| B | - 200 SQ Feet |
| C | - 300 SQ Feet |
| D | - 400 SQ Feet |

SECTION-B (5 x 5 = 25)

Answer any FIVE of the following questions.

1. Distinguish between Financial Accounting and Cost Accounting.
2. The Cost Accounts Department of a Company has supplied the following data for the supply of 2,000 units of product.

|  |  |
| --- | --- |
| Direct materials | 40,000 tons at Rs.5 per ton |
| Direct wages | 8,000 labor hours at Rs.50 per hour |
| Overheads: Variable | Factory Rs.10 per labour hour |
|  | Selling Rs.20 per unit |
| Fixed | Factory Rs.1,00,000 |
|  | Office Rs.2,00,000 |

Prepare a Statement showing the price to be fixed which will fetch a profit of 25% on cost.

1. From the following information,

Calculate : (a) Reorder Level (b) Maximum Level (c) Minimum Level and (d) Average Stock Level.

Maximum Consumption – 420 units per day

Minimum Consumption – 240 units per day

Average Consumption – 300 units per day

Reorder period – 10 – 15 days.

Reorder Quantity – 3,600 units.

Normal re – order period – 12 days.

1. XY Ltd. Purchases and issued the materials in the following order:

|  |  |
| --- | --- |
| Mar 1 | - Purchased 300 units at Rs.3 per unit |
| Mar 5 | - Purchased 500 units at Rs.4 per unit |
| Mar 10 | - Issued 500 units |
| Mar 12 | - Purchased 700 units at Rs.4.50 per unit |
| Mar 15 | - Issued 700 units |
| Mar 20 | - Purchased 300 units at Rs.5 per unit |
| Mar 30 | - Issued 150 units |

Ascertain the quantity of Closing stock as on 31st March and state its value under “Weighted

Average Method”.

1. Calculate the earnings of 3 workers A, B and C under ‘Merrick’s Multiple Piece Rate System’, given the following:

Standard production per day: 150 units.

Normal Piece rate: Rs. 0.50 per unit.

Production of workers on a particular day: A – 120 units; B – 140 units; C – 160 units.

1. A company has three production departments and two service departments.

Overheads distribution summary is as follows:

Production Departments: A – Rs.16,000; B – Rs.13,000; C – Rs.14,000

Service Departments: X – Rs.4,000; Y – Rs.6,000.

The expenses of Service Departments are charges on a percentage basis as given below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Departments | A | B | C | X | Y |
| X | 20% | 25% | 35% | - | 20% |
| Y | 25% | 25% | 40% | 10% | - |

Prepare a statement showing overhead distribution under Repeated Distribution Method.

1. Compute Machine Hour Rate to cover the overhead expenses indicated below:

|  |  |
| --- | --- |
| Electric power | 75 paise per hour |
| Stem | 10 paise per hour |
| Water | 2 paise per hour |
| Repairs | Rs. 530 per annum |
| Rent | Rs. 270 per annum |
| Running hours | 2,000 |
| Original Cost of the Machine | Rs. 12,500 |
| Depreciation | 7.5% per annum |

1. What is meant by ‘lobour turnover’? What are the causes for ‘lobour turnover’?

SECTION-C (3 x 10 = 30)

Answer ALL questions.

1. (a) Calculate the earnings of worker X and Y under (a) straight piece rate system and (b) Taylor’s

Differential Piece Rate System.

Standard time per unit : 12 minutes.

Standard Rate : Rs. 60 per hour.

Differential piece rates:

80% of piece rate below the standard

120% of piece rate at or above the standard.

In a day of 8 hours, the production by different workers is as under: X – 30 units; Y – 50 units.

(Or)

(b) Ram Co. Ltd. Has two productions and two service departments, namely P1 and P2 and S1 and

S2 respectively. From the following information, prepare a statement showing primary distribution

of overheads.

|  |  |
| --- | --- |
| Particulars | Rs. |
| Rent, rates and taxes | 18,000 |
| Power | 12,500 |
| Insurance | 9,500 |
| Depreciation | 38,000 |
| Canteen Expenses | 5,400 |
| Electricity | 3,600 |
| Indirect Materials | 6,000 |
| Indirect Wages | 10,400 |
| Repairs and Maintenance | 19,000 |
| Sundries | 5,200 |

The following information is available in respect of the four departments:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | P1 | P2 | S1 | S2 |
| Area (sq. metres) | 1,000 | 800 | 200 | 400 |
| Assets value (Rs.’000)) | 200 | 100 | 60 | 20 |
| No. of workers | 80 | 40 | 40 | 20 |
| Light Points | 20 | 12 | 4 | 4 |
| H. P. of Machine | 20 | 10 | 8 | 2 |
| Direct Wages (Rs.’000) | 20 | 16 | 10 | 6 |
| Direct Materials (Rs.’000) | 30 | 20 | 6 | 4 |

Apportion the costs of the various departments on the most equitable basis.

1. (a) Explain ‘Perpetual Inventory System’.

(Or)

(b) 2007

|  |  |
| --- | --- |
| January 1 | Opening stock 1000 units at Rs.26 each |
| 5 | Purchases 500 units at Rs. 24.50 each |
| 7 | Issued 750 units |
| 10 | Purchased 1500 units at Rs. 24 each |
| 12 | Issued 1100 units |
| 15 | Purchased 1000 units at Rs. 25 each |
| 17 | Issued 500 units |
| 18 | Issued 300 units |
| 25 | Purchased 1500 units at Rs. 26 each |
| 29 | Issued 1500 units. |

Prepare ‘Stores Ledger’ under FIFO method.

1. (a) The accounts of a machine manufacturing company disclose the following information for six

months ending 31-12-1982.

|  |  |
| --- | --- |
|  | Rs. |
| Materials used | 1,50,000 |
| Direct Wages | 1,20,000 |
| Factory overheads | 30,000 |
| Administrative overheads | 15,000 |

Prepare cost sheet for the half year and calculate the price which the company should quote

for the manufacture of a machine requiring materials valued at Rs. 1250 and expenditure in

productive Wages Rs.750, so that the price might yield a profit of 20% on the selling price.

(Or)

(b) A manufacturing company submits the following details about the various expenses incurred by its

during the year ended 31st December 2015.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| Raw Materials consumed | 25,000 | Supervisor’s salary | 5,500 |
| Advertising | 1,000 | Factory rent and insurance | 1,000 |
| Depreciation on Factory Plant | 1,500 | Carriage outwards | 1,500 |
| Factory office salaries | 6,000 | Direct Labour | 20,000 |
| Legal Expenses | 300 | Bad debts | 300 |
| Office Stationery | 200 | Rent of factory | 2,500 |
| Office salary | 10,000 | Commission on sales | 4,000 |
| Audit fees | 300 | Income tax | 1,500 |
| Sales | 83,000 | Purchases of new plant | 10,000 |

Prepare a statement showing

1. Prime Cost
2. Works Cost
3. Cost of Production
4. Total Cost and
5. Profit.

**\* \* \* \* \* \* \***