B.Com. DEGREE EXAMINATION – APRIL 2022
ACCOUNTING & FINANCE
SECOND SEMESTER

COURSE   **: MAJOR CORE**
COURSE TITLE   **: COST CONCEPTS & METHODS**
TIME   **: 3 HOURS**   **MAX. MARKS: 100**

SECTION - A

Answer ALL the questions: **(10 x 2 = 20)**

1. Define Cost Accounting.
2. What is a Cost Centre?
3. Write a short note on Abnormal loss.
4. What do you mean by Inter-Process profits?
5. List out the features of Contract Costing.
6. A product is sold for Rs. 5,00,000 to get a profit of 33.33% on cost price. Find out the profit on sales in rupees and in %.
7. A company uses 10,000 units per year of an item costing Rs. 5 each. The cost of processing a purchase order is Rs. 100 and the stock holding cost amounts to 20% per year of the money value of inventory. How much should the company buy at a time (in a single order) in order to minimise the inventory cost?
8. A worker is paid a basic rate of Rs. 20 per hour. In addition he gets Rs. 2,000 per week of 48 hours of dearness allowance. He completes a job with standard time of 60 hours during the week of 48 hours. Ascertain his earnings under Halsey plan.
9. From the following information, calculate the labour turnover rate under separation method:
   Number of workers at the beginning of the period – 3800
   Number of workers at the end of the period – 4200
   During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year, of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.
10. 10,000 units are introduced into a process at Rs. 10 per unit. All other expenses are Rs. 8 per unit. Normal loss in the process is 10%. Scrap value is nil. If output is 9,000 units, ascertain the cost per unit in the process.

SECTION - B

Answer any FIVE questions: **(5 x 8 = 40)**

11. From the following particulars, you are required to prepare a statement of labour cost showing the cost per day of 8 hours:
    (a) Monthly salary Rs. 5,000
    (b) Leave salary – 10% of salary
    (c) Employer's contribution to PF – 10% of (a) & (b)
    (d) Employer's contribution to ESI – 2% of (a) & (b)
    (e) Pro-rata expenditure on amenities to labour – Rs. 20.50 per worker, per month
    (f) No. of working hours in a month – 200

12. Materials A and B are used as follows:
    Minimum usage: 50 units a week
    Normal usage: 100 units a week
    Maximum usage: 150 units a week
    Ordering quantity: A: 500 units
                       B: 800 units
    Re-order period: A: 3 to 5 weeks
                     B: 5 to 7 weeks
    You are required to calculate for each material: Maximum Level, Minimum Level, Re-order Level, Average Stock Level.

13. X Ltd. Manufactures a consumable product, From the following data relating to a year, you are required to prepare a cost sheet:

	Rs.
Materials (opening)	30,000
Materials (closing)	25,000
Work-in-progress (opening)	50,000
Work-in-progress (closing)	55,000
Finished goods (opening)	60,000
Finished goods (closing)	80,000
Materials purchased during the year	1,20,000
Direct labour	90,000
Manufacturing overhead	80,000
Selling expenses	40,000
General expenses	32,000
Sales	3,92,000

14. A Company has three production departments A,B and C and two service departments X and Y. The expenses incurred by them during the month are
    A – Rs. 80,000, B – Rs. 70,000, C – Rs. 50,000, X – Rs. 23,400, Y – Rs. 30,000
    The expenses of service departments are apportioned to the production departments on the following basis

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

    Apportion the expenses of X and Y departments to A, B and C departments using appropriate method.

15. Compute cost per running kilometer from the following data of a truck.
    Estimated life of vehicle 1,00,000 kms
    Annual running 15,000 kms

	Rs.
Cost of vehicle	25,000
Road licence (Annual)	750
Insurance (Annual)	700
Garage rent (Annual)	900
Supervision & Salaries (Annual)	2,700
Driver's wages per hour	3

Cost of fuel per litre   3
Repairs and maintenance per km   1.75
Tyre allocation per km   0.90
Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 kms per hour on an average and one litre of fuel gives 20 km.

16. In process B, 75 units of a commodity were transferred from process A at a cost of Rs. 1,310. The additional expenses incurred by the process were Rs. 190. 20% of the units entered are normally lost and sold at Rs. 4 per unit. The output of the process was 70 units. Prepare Process B account and abnormal gain account.

17. Calculate Machine hour rate from the following:
    Cost of machine Rs. 19,200
    Estimated scrap value Rs. 1,200
    Repair charges per month Rs. 150
    Standing charges allocation to machine per month Rs. 50
    Effective working life of machine 10,000 hours
    Running time per month 166 hours
    Power used by machine – 5 units per hour at 19 paise per unit

SECTION - C

Answer any TWO questions: **(2 x 20 = 40)**

18. Prepare a stores ledger account from the following information adopting FIFO method of pricing of issue of materials:

March	1	Opening Balance	300 Kgs at Rs. 20 per kg
	3	Issue	50 Kgs
	5	Issue	150 Kgs
	7	Received from Supplier	100 Kgs at Rs. 19 per kg
	9	Returned to Stores	10 Kgs at Rs. 19.50 per kg
	11	Issue	100 Kgs
	13	Received from Supplier	200 Kgs at Rs. 19.25 per kg
	15	Issue	105 Kgs
	17	Returned to Stores	15 Kgs at Rs. 19 per kg
	20	Issue	100 Kgs

It was revealed that on 10th, there was a shortage of 5 units and on 21st of 6 units.

19. Dolphin Co. Ltd. Manufactured and sold 1,000 iron boxes in the year ending 31 March 2015. The summarized trading and profit and loss account is shown as follows:

	Rs.		Rs.
To cost of materials	1,00,000	By sales	5,00,000
To direct wages	1,50,000		
To manufacturing expenses	80,000		
To gross profit c/d	1,70,000		
	5,00,000		5,00,000
By management and staff salaries	80,000	By gross profit c/d	1,70,000

To rent, rates and insurance	15,000
To selling expenses	25,000
To general expenses	30,000
To Net profit	20,000
	1,70,000

1,70,000

For the year ending 31st March 2016, it is estimated that
(a) Output and sales will be 1,500 units
(b) Prices of raw materials will rise by 25% on the previous year's level, Wages will rise by 20%
(c) Manufacturing cost will rise in proportion to the combined cost of materials and wages
(d) Selling cost per unit will remain unaffected
(e) Other expenses will remain unaffected by the rise in output
You are required to submit a statement to the board of directors showing the price at which the iron box should be marketed so as to show a profit of 20% on selling price.

20. Elite Ltd. furnish the following information. It has three production departments A, B and C and two service departments D and E. The following are extracted from the records of the company:

	Rs.		Rs.
Rent and Rates	5,000	Power	1,500
General lighting	600	Depreciation on machinery	10,000
Indirect wages	1,500	Sundries	10,000

The following further details are available:

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

What is the total cost of an article if its raw material cost is Rs. 50, labour cost Rs. 30 and it passes through departments A, B and C for 4, 5 and 3 hours respectively?

21. Moon Ltd. manufactures a product through three distinct processes. The output of each process is transferred to the next process or finished goods account, as the case may be at a profit of 20% on transfer price. The following data are available:

	Processes			
	R	S	T	(Finished Stock)
	Rs.	Rs.	Rs.	Rs.
Materials consumed	70,000	1,05,000	35,000	-
Labour	1,05,000	70,000	1,40,000	-
Closing Stock	35,000	70,000	1,05,000	70,000
Sales	-	-	-	6,30,000

Stocks in each process are valued at prime cost and in the finished stock, at the price at which goods are received.
You are required to prepare process accounts showing profit at each stage, ascertain the total realized profit and find the value of closing stock for balance sheet.

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