

Register Number :

Name of the Candidate :

5 1 5 3

B.Com. DEGREE EXAMINATION, 2008

(THIRD YEAR)

(PART - IV)

(PAPER - VII)

350. COST ACCOUNTS - PAPER - I

(*Optional - I*)

(*Including Lateral Entry*)

December]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. “The ordinary trading account is a locked store house of most valuable information to which cost is the key”. - Elucidate the above statements and explain the difference between financial and cost accounts.

Turn over

2. What is meant by centralisation of purchasing? Explain its advantages briefly and point out the disadvantages.
3. What do you understand by labour turnover and what are its effects? What are the methods of reducing labour turnover? How will you treat in cost accounts?
4. Define on cost. Discuss the various methods of allocation on cost.
5. Define contract costing. Explain the treatment of various items in contract costing.
6. In an Engineering firm, the employees are paid incentive bonus in addition to their normal wages at hourly rates. Incentive bonus is calculated in proportion of time taken to time allowed of the time saved. The following details are made available in respect of employees X, Y and Z for a particular week:

- January - 4, Issued 400 units.
- January - 5, Issued 320 units.
- January - 6, Purchased 1,000 units at Rs. 29 each.
- January - 7, Issued 1,400 units.
- January - 8, Returns to vendor, purchased on 6th January, 30 units.
- January - 9, Received back from work order, issued on 5th January, 40 units.
- January - 10, Issued 500 units.
- January - 11, Purchased 500 units at Rs. 32 each.
- January - 11, Issued 400 units.
- January - 13, Purchased 1,500 units at Rs. 34 each.
- January - 15, Issued 300 units.

On 15th January, when the stock is verified, it is found that the actual stock is more by 20 units.

Rs. 750 and factory overhead Rs. 150 so that the price may yield a profit of 20% on the selling price. You are given the accounts of a company manufacturing the type of machines referred to above for the six months ending 31st December and further details :

	Rs.
Materials used	- 1,50,000
Productive wages	- 2,40,000
Factory overhead	- 24,000
Other expenses	- 17,640

10. Prepare a store ledger account from the following transactions assuming that the issue of stores has been priced on the principle of first - in - first - out :

- January - 1, Opening stock 2,000 units at Rs. 26 each.
- January - 2, Issued 1,000 units.
- January - 3, Issued 800 units.
- January - 4, Purchased 1,500 units at Rs. 27.50 each.

	X	Y	Z
Normal wages, Rs. per hour	4.00	5.00	6.00
Completed units of production	6,000	3,000	4,800
Time allowed, per 100 units	0.8 hours	1.5 hours	1 hour
Actual time taken hour	42	40	48

You are required to work out for each employee :

- (i) The amount of bonus earned.
- (ii) The total amount of wages received.
- (iii) The total wages cost per 100 units of output.

7. The following data were obtained from the books of light Engineering company for the half year ended 30th September. Calculate the departmental overhead rates for each of the production departments, assuming that the overheads are recovered as a percentage of direct wages :

Turn over

4

		Production department			Service department	
		A	B	C	X	Y
Direct wages	Rs.	7,000	6,000	5,000	1,000	1,000
Direct materials	Rs.	3,000	2,500	2,500	1,500	1,000
Employees	Nos.	200	150	150	50	50
Electricity	Kwh.	8,000	6,000	6,000	3,000	3,000
Light points	Nos.	10	15	15	5	5
Assets value ('000)	Rs.	50	30	20	10	10
Area occupied	(Sq.yd.)	800	600	600	200	100

The expenses for 6 months were :

	Rs.
Stores overhead	- 400
Motive power	- 1,500
Electric lighting	- 200
Labour welfare	- 3,000
Depreciation	- 6,000
Repairs and maintenance	- 1,200
General overheads	- 10,000
Rent and taxes	- 600

5

Apportion the expenses of department - X in the ratio of 4 : 4 : 3 and that of department - Y in proportion to direct wages, to department A, B and C respectively.

8. Make out the necessary accounts from the following details :

	Process- A Rs.	Process - B Rs.
Materials	30,000	3,000
Labour	10,000	12,000
Overheads	7,000	8,600
Input (units)	20,000	17,500
Normal loss	10 %	4 %
Sale of wastes per unit	Re. 1	Rs. 2

There was no opening or closing stock or work - in - progress. Final output from process - B was 17,000 units.

9. Prepare a cost sheet of machine and calculate the price at which the company should quote for the manufacture of a machine requiring materials of Rs. 1,250, productive wages

Turn over