Reg.No.: ....

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B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2021

FIFTH SEMESTER

COMMERCE - MAIN

COST ACCOUNTING

(For those who joined in July 2017 Onwards)

Time: Three hours

Maximum : 75 marks

PART - A (10X1=10 marks) Answer all the Questions Choose the Correct answer

1. Overhead cost is the total of
   (A) All Indirect costs (B) All direct costs
   (C) Direct and Indirect costs (D) Specific costs
2. Operating costing is suitable for
   (A) Job order businesses (B) Contractors
   (C) Sugar Industry (D) Service Industries
3. Major purpose of ascertained equivalent production is
   (A) To ascertain cost of output (B) To find profit or loss
   (C) To control and reduce cost (D) None of these
4. Process costing is suitable to industries where
   (A) Production is carried on in two or more consecutive stages
   (B) Production is as per customer specification
   (C) Specialised services are rendered
   (D) Contracts are undertaken
5. P/V Ratio is
   (A) Price volume ratio (B) Price variance ratio
   (C) Contribution to sales ratio (D) Total cost to sales ratio
6. A key factor is
   (A) Budget factor (B) Limiting factor
   (C) Cost factor (D) None of these
7. Performance budget is
   (A) Laying down of objectives
   (B) Measurement of output in relation to input
   (C) Flexible Budgeting (D) Fixed Budget
8. Budgeting is
   (A) a Technique (B) a method of costing
   (C) Maintainng ledger accounts (D) None of the above
9. Types of standards are
   (A) 1 (B) 2
   (C) 3 (D) 4
10. Types of direct labour cost
    (A) 1 (B) 2
    (C) 3 (D) 4

Part B (5 x 5 = 25 Marks)

Answer all Questions, Choosing either (a) or (b), Each answer should not exceed 250 words

11 (A). M/s. Maha Industries Ltd., are the manufacturing of moonlight torches. The following data relate to manufacture of torches during the month of March 2018.

Raw material consumed	Rs.20,000
Direct wages	Rs.12,000
Machine hours worked	9,500 hours
Machine hour rate	Rs. 2
Office overheads	20% of works cost
Selling overheads	50 paise per unit
Units produced	20,000 units
Units sold	18,000 @ Rs. 5 per unit

Prepare cost sheet showing the cost and the profit per unit and the total profits earned.

(C) 3 (D) 4

Or

(B). Briefly explain the methods of costing.

12 (A). The following expenses were incurred for the production of 1,500 units of a durable products.

	Rs.
Materials	3,50,000
Wages	1,20,000
Overheads	80,000

Normal wastage in the process is 2% of the input and the scrap value is Rs.300 per unit. You are required to prepare process account, assuming there was no abnormal loss or gain.

(OR)

12 (B). State the advantages of process costing.

13 (A). Agustus Ltd., presents the following results for one year. Calculate the P/V ratio, BEP and Margin of safety.

	RS.
Sales	2,00,000
Variable costs	1,20,000
Fixed costs	50,000
Net profit	30,000

(OR)

(B). What are the limitations of Break Even Chart?

14 (A). The following overhead expenses relate to a cost Centre operating at 50% of normal activity. Draw up a flexible budgeted for the cost centre for operating at 75%, 100% and 125% of normal capacity.

Indicate the basis upon which you have estimated each item of expenses for the different operating level.

	Rs.
Foreman	60
Assistant foreman	40
Inspectors	65
Shop labourers	40
Machinery repairs	100
Defective works	25
Consumable stores	20
Overtime bonus	-
Machine depreciation	110

(OR)

(B). Enumerate what are the steps involved in preparing flexible budget.

15 (A). From the following data, calculate materials yield variance.

	Standard Mix	Actual Mix
Material A	200 units @ Rs.12	160 units @ Rs. 13
Material B	100 units @ Rs.10	140 units @ Rs. 10

Standard loss allowed is 10% of output. Actual output is 275 units.

(OR)

(B). Differentiate between standard costing and estimated costing.

Part C (5 x 8 = 40 Marks) Answer all Questions, Choosing either (a) or (b), Each answer should not exceed 600 words

16 (A). The cost accounts department of a company has supplies 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 labour 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 s statement showing the price to be fixed which will fetch a profit of 25% on cost.

(OR)

(B). Following information has been obtained from the cost records of Aditya Chemicals Ltd., for 2018.

Finished goods on 1.1.2018	50,000
Raw materials on 1.1.2018	10,000
Work in progress 1.1.2018	14,000
Direct labour	1,60,000
Purchase of raw materials	98,000

Indirect labour	40,000
Heat, light and power	20,000
Factory insurance and taxes	5,000
Repairs to plant	3,000
Factory supplies	5,000
Depreciation - factory building	6,000
Depreciation - Plant	10,000

Other information

Factory cost of goods produced in 2018	Rs. 2,80,000
Raw material consumed in 2018	Rs. 95,000
Cost of goods sold in 2018	Rs. 1,60,000

No office and administrative expenses were incurred during the year 2018. Prepare a statement of cost for the year ending 2018 giving maximum possible information and its break-up.

17 (A). A product passes through three processes 'X', 'Y' and 'Z' to its completion. During September 2018, 5,000 units of finished product were produced and the following expenses were incurred.

	Process X Rs	Process Y Rs	Process Z Rs
Material	5,000	10,000	5,000
Direct wages	25,000	20,000	15,000
Direct expenses	2,500	3,000	5,000

Indirect expenses amount Rs.30,000 which are to be apportioned to the processes on the basis of direct wages. Raw materials worth Rs.30,000 were issued to process 'X. ignore the quotation of process stocks and prepare the process accounts, showing cost per unit in each process.

(OR)

(B). The product of company passes through three distinct processes to completion. They are known as A, B, and C. from past experience it is ascertained that loss is incurred in each process. process A - 20%, Process B - 5% and Process C - 10%.

The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs,. 5 per 100 units and that of process C at Rs.20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passes from process C into stock.

Material consumed	6,000	4,000	2,000
Direct labour	8,000	6,000	3,000
Manufacturing expenses	1,000	1,000	1,500

20,000 units have been issued to process A at a cost of Rs.10,000. The output of each process has been as under.

Process A 19,500; Process B 18,800 and Process C 16,000

There is no work in progress in any process.

Prepare Process Accounts. Calculations should be made to the nearest rupee.

18 (A). Selvi Ltd., manufacturing and sells four types of products under the brand name of A, B, C and D. the sales mix in value comprises 33 1/3% , 41 2/3%, 16 2/3 % and 8 1/3 % of products A, B, C, and D respectively. The total budgeted sales (100%) are Rs. 60,000 per month.

Operating costs are

Variable cost:

Product A 60% of selling price

B 68% of selling price

C 80% of selling price

D 40% of selling price

Fixed cost: Rs. 14,700 per month. Calculate the BEP for the products on an overall basis and also the B.E. sales of individual products.

(OR)

18 (B). Kumar ltd., presents the following results for one year. Calculate the P/V Ratio, BEP and Margin of Safety.

	Rs.
Sales	2,00,000
Variable cost	1,20,000
Fixed cost	50,000
Net profit	30,000

19 (A). Angel & Co., uses two materials 'X' and 'Y' to produces a product. For the year 2018, they have planned to sell 2000 units of the product. Production department informs that after providing for normal loss, etc., 5kgs per unit of material 'X' and 2 kgs per unit of material 'Y' are needed for the product.

The stores incharge, after a study of his records and orders placed to the vendors, provides the following details.

	Finished product units	Material X (Kgs)	Material Y (Kgs)
Estimated stock on 1.1.2018	400	1,800	700
Materials on order 1.1.2018	-	2,000	500
Desired stock on 31.12.2018	600	2,200	800
Estimated materials on order on 31.12.2018	-	1,800	600
Estimated average purchase price during 2018	-	Rs. 8 per kg	Rs.15 per kg

You are required to prepare a purchase budget for the materials, clearly showing the total cost of estimated purchases.

(OR)

(B). Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit (RS.)
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity)	1,000 units

20 (A). A gang of workers usually consists of 10 men, 5 women and 5 boys in a factory. They are paid at standard hourly rates of Rs. 1.25, Rs. 0.80 and Rs. 0.701 respectively. In a normal working week of 40 hours the gang is expected to produce 1000 units of output. In a certain week, the gang consists of 13 men, 4 women and 3 boys. Actual wages were paid at the rates of Rs. 1.20, Rs. 0.85 and Rs. 0.65 respectively. Two hours per week were lost due to abnormal idle time and 960 units of output were produced. Calculate various labour variances.

(OR)

20 (B). The standard cost of a chemical mixture is as under:

8 tons of material A at Rs. 40 per ton
12 tons of material B at Rs. 60 per ton
Standard yield is 90% of output
Actual cost for a period is as under:
10 tons of material A at Rs. 30 per ton
20 tons of material B at Rs. 68 per ton
Actual yield is 26.5 tons

Compute all materials variances.