(b) Laxmi Travels, a transport company is running a fleet of six buses between two towns 75 km apart. The seating capacity of each bus is 40 passengers. The following particulars are available for the month of April 1985.

Particulars	Rs.
Wages of Drivers, Conductors etc.	3,600
Salaries of office and supervisory staff	1,500
Diesel oil, etc.	10,320
Repairs and maintenance	1,200
Taxes and insurance	2,400
Depreciation	3,900
Interest and other charges	3,000

The actual passengers carried were 80% of the capacity. All the buses run all the days in the month. Each bus made one round trip per day. Find out the cost per passenger kilometer.

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Reg. No. : .....

Code No.: 12090 E **Sub. Code: CMCO 52**

B.Com. (CBCS) DEGREE EXAMINATION, NOVEMBER 2023.

Fifth Semester

Commerce – Core

COST ACCOUNTING

(For those who joined in July 2021–2022)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Basic objective of cost accounting is

   (a) Tax compliance (b) Financial Audit

   (c) Cost Ascertainment (d) Interim audit

2. Cost incurred is identified with _____.

   (a) Each Executive (b) Each unit of output

   (c) Each month (d) Each year

3. Material control involves _____.
   (a) Consumption of material
   (b) Issue of material
   (c) Purchase of materials
   (d) Purchase, storage and issue of materials

4. Material requisition is meant for _____.
   (a) Purchase of material
   (b) Supply of material from stores
   (c) Sale of material
   (d) None of the above

5. Labour Turnover is _____.
   (a) Productivity of Labour
   (b) Efficiency of Labour
   (c) Change in Labour force
   (d) None of these

6. Time study is for _____.
   (a) Measurement of work
   (b) Fixation of Standard Time
   (c) Ascertainment of actual hours
   (d) None of these

7. Process costing is suitable to industries where _____.
   (a) Production is carried on in two or more consecutive stages
   (b) Production is as per customer specifications
   (c) Specialized services are rendered
   (d) Contracts are undertaken

8. Process cost is ascertained and recorded in _____.
   (a) Balance sheet
   (b) Profit and loss account
   (c) Separate statement
   (d) Separate account in Ledger

9. Reconciliation is usually done between _____.
   (a) Gross profit and Net profit
   (b) Previous year's profit and current year's profit
   (c) Costing profit and Financial accounts profit
   (d) Financial accounts profit alone

10. Over absorption of over heads in cost accounts results in _____.
   (a) Decrease in costing profit
   (b) Decrease in Financial Accounts profit
   (c) No effect on profits of both the accounts
   (d) Increase in Costing profit

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) You are required to compile a statement showing cost and profit from the information given, showing clearly: (i) Material consumed (ii) Prime cost (iii) Works cost (iv) Cost of production (v) Cost of Sales (vi) Profit and (vii) Sales.

Particulars	Rs.
Materials purchased	2,00,000
Wages	1,00,000
Direct expenses	20,000
Opening stock of materials	40,000
Closing stock of materials	60,000

Factory overhead is absorbed at 20% on wages. Administration overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

Or

(b) During the year 1998, X Ltd., produced 50,000 units of a product. The following were the expenses:

Particulars	Rs.
Stock of raw materials on 1.1.98	10,000
Stock of raw materials on 31.12.98	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a Cost sheet showing cost per unit and total cost at each stage.

12. (a) Two components A and B are used as follows:

Reordering quantity: A 1,200 units, B 1,000 units

Reordering period: A 2 to 4 weeks, B 3 to 6 weeks

Normal usage – 300 units per week each. Minimum usage – 150 units per week each. Maximum usage – 450 units per week each.

You are required to calculate the following for each of the components.

(i) Reordering level

(ii) Maximum level

(iii) Minimum level

(iv) Average stock level

Or

(b) From the following information calculate (i) Economic order quantity (ii) Reorder level (iii) Maximum level (iv) Minimum level. Normal usage 150 units per day. Minimum usage 100 units per day. Maximum usage 200 units per day. Reorder period 50 to 60 days. The annual usage is 50,000 units. The cost of purchase is Rs. 100 per order. Cost per unit is Re. 1.00. Carrying cost is 10% per annum.

13. (a) Mr. A a worker in a factory is paid on time basis. During the month of October 2010 he has worked for 200 hours. His hourly wage rate is 10 per hour. Mr. B another employee of the company is paid on the basis of piece wages. During the month of October 2010 his output was 1,000 units. Rate of wages per piece is Rs.3.

Or

(b) From the following information calculate the labour turnover rate:

Number of workers at the beginning of the period : 3800

Number of workers at the end of the period : 4,200

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.

14. (a) Srikar & Co., produces a product through two process 'J' and 'K'. Prepare the process accounts from the following details relating to March 1997.

Particulars	Process J – Rs.	Process K – Rs.
Material	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

Or

(b) Samson & Co., produces a product through two processes 'R' and 'S'. The following details pertaining to process 'R' for January 1996 are available.

Inputs	Rs.
Materials (500 units)	10,000
Labour	8,000
Indirect expenses	7,000

Normal loss in the process is estimated at 5% of the input which possesses a scrap value of Rs. 31 per unit. Prepare the process account.

15. (a) The following are the expenses of Balaji & Co., in respect of a contract which commenced on 1st January 1998:

Particulars	Rs.
Materials purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plant issued	25,000
Direct expenses	40,000

The contract price was Rs. 7,50,000 and the same was duly received when the contract was completed in August 1998. Charge indirect expenses at 15% on wages; provide Rs. 5,000 for depreciation on plant and prepare the contract account and the Contractee's Account.

Or

(b) (i) A transport company operates 4 buses on a route 100 Kms. Long. Each bus makes three round trips per day on all 30 days in a month. On an avenge 20% of the vehicles are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one month period.

(ii) A city corporation employ 80 vehicles of 5 ton capacity for conservancy work. On an average each vehicle makes 4 trips a day, covering a distance of 8 Kms. in each trip. Load actually carried is 80% of the capacity, on average. On an annual average basis 20% of the vehicles are laid up for maintenance on any given day. The vehicles run 30 days a month. Calculate the total ton-Kms. per month.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) M/s. Indu Industries Ltd., are the manufacturers of moonlight Torches. The following data, relate to manufacture of torches during the month of March 2009.

Raw materials 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 profit earned.

Or

(b) From the following information prepare a Cost Sheet for the month of Dec. 1985.

Particulars	Rs.
Stock on hand - 1st Dec.1985	
Raw Materials	25,000
Finished Goods	17,300
Stock on hand – 31st Dec. 1985	
Raw Materials	26,200
Finished Goods	15,700
Purchase of raw materials	21,900
Carriage on purchases	1,100
Work – in – progress 1.12.1985 at works cost	8,200
Work – in – progress 31.12.1985 at works cost	9,100

Particulars	Rs.
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200
Factory overhead	8,300
Administrative overheads	3,200
Selling and distribution overheads	4,200

17. (a) Prepare a stores ledger account using weighted average method of pricing the issue of materials.

Date	Particulars
1999 March 1	Balance 1,000 units @ Rs. 70 per unit
3	Purchased 2,000 units @ Rs. 80 per unit
5	Issued 500 units
10	Issued 1,000 units
15	Purchased 2,000 units at Rs. 80 per unit
18	Issued 400 units
20	Received back 25 units out of the issue made on 5th March
22	Issued 1,500 units

Date	Particulars
24	Returned to supplier 30 units out of the purchases made on 15th March
25	Purchased 1,000 units at Rs. 75 per unit.
30	Issued 1,000 units.

Physical verification on 21st March revealed a shortage of 15 units and 20 units shortage on 30th March.

Or

(b) Material 'A' is used as follows:

Maximum usage in a month 600 Nos., Minimum usage in a month 400 Nos., Average usage in a month 450 Nos., Lead time: Maximum 6 months, minimum 2 months, Reorder quantity: 1,500 Nos., Maximum reorder period for emergency purchases – 1 month.

Calculate:

(i) Reorder level

(ii) Maximum level

(iii) Minimum level

(iv) Average stock level

(v) Danger level

18. (a) A manufacturing concern has three production departments and two service departments. In July 1990, the departmental expenses were as follows:

Production Departments	Rs.
A	16,000
B	13,000
C	14,000
Service Departments	
X	4,000
Y	6,000

The service department expenses are charged out on a percentage basis, viz,

	A	B	C	X	Y
Expenses of Department E	20%	25%	35%	–	20%
Expenses of Department F	25%	25%	40%	10%	–

Prepare a statement of secondary distribution under the repeated distribution method.

Or

(b) (i) Standard time 10 hours. Number of units to be completed 5. Hourly rate is Re. 0.25. Time taken 8 hours. Calculate a worker's total earnings under Rowan's plan. Also, determine the effective Rate of earnings per hour.

(ii) Calculate the total earnings from the following data under Halsey Plan and Under Halsey-Weir Plan. Standard time-10 hours, Time taken – 8 hours, Time rate – Rs. 2.50 per hour.

19. (a) Samson & Co., produces a product through two processes R and S. The following details pertaining to process R for January 1996 are available.

Inputs:	Rs.
Material (500 units)	10,000
Labour	8,000
Indirect expenses	7,000

Normal loss in the process is estimated at 5% of the input which possesses a scrap value of Rs. 31 per unit. Prepare the process account.

Or

(b) In manufacturing a product 1,000 Kgs of raw materials at Rs. 8 per Kg were supplied to process 'X'. Other expenses of the process were as follows: Labour cost – Rs. 2,000, Production expenses – Rs. 1,000. Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs. 2 per kg.

The actual output in this process was 880 kgs which were transferred to process 'Y'. Prepare process 'X' account and abnormal loss account.

20. (a) Compute the cost per running kilometer from the following data of a truck. The estimated life of the vehicle is 1,00,000 km. Annual running 15,000 km.

Particulars	Rs. P.
Cost of vehicle	25,000
Road license (Annual)	750
Insurance (Annual)	700
Garage rent (Annual)	900
Supervision and Salaries (Annual)	2,700
Driver's Wages per hour	3.00
Cost of fuel per liter	3.00
Repairs and maintenance per k.m.	1.75
Tyre allocation per k.m.	0.90

Charge interest at 5% per annum on the cost of the vehicle. The vehicle runs 20 km. per hour on average and one liter of fuel gives 20 km.

Or