

Reg. No. : .....

Name : .....

**Sixth Semester B.Com.LL.B. (Five Year Integrated) Degree Examination,  
February 2022.**

**Paper II : COST ACCOUNTING**

Time : 3 Hours

Max. Marks : 80

**PART – A**

Answer **any five** questions. Each question carries **2** marks.

1. Differentiate between Cost centre and Profit centre.
2. What are the components of total cost?
3. What is Costing? How does it differ from Cost Accounting?
4. Distinguish between waste and scrap.
5. What are the causes of normal idle time?
6. What are the various techniques of costing?
7. How will you classify overheads on the basis of behaviour?

**(5 × 2 = 10 Marks)**

**PART – B**

Answer **any four** questions. Each question carries **4** marks.

1. Point out the reasons for labour turnover.
2. From the following particulars, prepare a cost sheet for the month of December 2016 – Output during the month, 1,000 units

|                  | Rs.      |
|------------------|----------|
| Direct materials | 1,20,000 |
| Direct wages     | 1,40,000 |
| Indirect wages   | 20,000   |
| Direct expenses  | 10,000   |

P.T.O.



|                           | Rs.    |
|---------------------------|--------|
| Factory rent and lighting | 6,000  |
| Power and fuel            | 10,000 |
| Depreciation of machinery | 12,000 |
| Sundry factory expenses   | 4,000  |
| Office salaries           | 30,000 |
| Rent and rates (office)   | 20,000 |
| General expenses          | 8,000  |
| Advertising               | 8,000  |
| Carriage outward          | 10,000 |
| Travelling expenses       | 12,000 |

- Cost of a material, the annual consumption of which is 20,000 units, is Rs.5 per unit. The cost of placing an order is Rs.100. Stock holding cost amounts to 20% per year of the value of inventory. How much should the company buy at a time (in a single order) in order to minimise the inventory costs?
- State the merits and demerits of piece rate system.
- What are the causes of under/over absorption of overheads?

**(4 × 4 = 16 Marks)**

### PART – C

Answer **any four** questions. Each question carries **6** marks.

- From the following information, Calculate Minimum level, Maximum level, Average level and Danger level.

|                           |   |                    |
|---------------------------|---|--------------------|
| Normal consumption        | – | 100 units per week |
| Minimum consumption       | – | 50 units per week  |
| Maximum consumption       | – | 150 units per week |
| Reorder quantity          | – | 400 units          |
| Reorder period            | – | 6 to 8 weeks.      |
| Emergency delivery period | – | 3 weeks            |



2. From the following particulars, ascertain the labour cost per day of 8 hours

- |  |                                 |
|--|---------------------------------|
| (a) Basic salary                             | Rs.2,000 per month              |
| (b) Leave salary                             | 5%                              |
| (c) Employer's contribution to PF            | 8% of (a) and (b)               |
| (d) Employee's contribution to ESI           | $2\frac{1}{2}$ % of (a) and (b) |
| (e) Pro rata expenditure on labour amenities | Rs.179.5 per head per month     |
| (f) Working hours in a month                 | 200                             |

3. From the following particulars, calculate earnings of workers A and B on straight piece rate system and Taylor's differential piece rate system.

Standard production 8 units per hour

Normal time rate Rs.40 per hour

Differentials to be applied :

80% of piece rate when below standard

120% of piece rate when at or above standard

In a 9 hour day, A produced 65 units and B produced 75 units.

4. Calculate machine hour rate from the following data :

Cost of machine Rs.21,000

Scrap value Rs.1,000

Repairs and maintenance per month Rs.300

Standing charges per month Rs.500



|                        |                                      |
|------------------------|--------------------------------------|
| Effective working life | 10,000 hrs                           |
| Running time per month | 200 hrs                              |
| Power used             | 5 units per hour @ Rs.3.00 per unit. |

5. What are the advantages of Cost accounting to the Government?

(4 × 6 = 24 Marks)

PART – D

Answer **any three** of the following. Each carries **10** marks.

1. Define Cost accounting. Distinguish between Cost accounting and Financial accounting.
2. From the following transactions, prepare a stores ledger account using weighted average method

2016

|         |    |               |                          |
|---------|----|---------------|--------------------------|
| January | 1  | Opening stock | 500 units @ Rs.12 each   |
|         | 2  | Purchased     | 300 units @ Rs.13 each   |
|         | 5  | Issued        | 400 units                |
|         | 10 | Purchased     | 1,000 units @ Rs.15 each |
|         | 15 | Issued        | 500 units                |
|         | 20 | Issued        | 200 units                |
|         | 25 | Purchased     | 600 units @ Rs.16 each   |
|         | 27 | Issued        | 500 units                |



3. A company has four departments. A, B and C are production departments and D is a Service department. Other particulars are given below :

|                                    | Rs.   |
|------------------------------------|-------|
| Rent                               | 5,000 |
| Repairs                            | 4,000 |
| Depreciation                       | 2,250 |
| Lighting                           | 600   |
| Power                              | 6,500 |
| Supervision                        | 7,500 |
| Employer's liability for insurance | 750   |
| Fire insurance (stock)             | 2,500 |

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

| Details              | A      | B      | C      | D      |
|----------------------|--------|--------|--------|--------|
| Area (Sq. feet)      | 1500   | 1100   | 900    | 500    |
| No. of employees     | 40     | 30     | 20     | 10     |
| Total wages (Rs.)    | 18,000 | 12,000 | 9,000  | 6,000  |
| Value of Plant (Rs.) | 80,000 | 60,000 | 40,000 | 20,000 |
| Value of stock (Rs.) | 30,000 | 18,000 | 12,000 | —      |

Selecting the most appropriate basis, apportion various items of cost among various departments.



4. From the following figures, prepare a Reconciliation Statement :

|  | Rs.      |
|--|----------|
| Net Profit as per financial records              | 1,28,755 |
| Net Profit as per costing records                | 1,72,400 |
| Works OH under recovered in costing              | 3,120    |
| Admn. OH recovered in excess                     | 1,700    |
| Depreciation charged in financial records        | 11,200   |
| Depreciation recovered in costing                | 12,500   |
| Interest received but not included in costing    | 8,000    |
| Obsolescence loss charged in financial records   | 5,700    |
| Income tax provided in financial books           | 40,300   |
| Bank interest credited in financial books        | 750      |
| Stores adjustment (credit in financial books)    | 475      |
| Depreciation of stock charged in financial books | 6,750    |

**(3 × 10 = 30 Marks)**