Register Number:
Name of the Candidate:

# M.Com. DEGREE EXAMINATION, May 2015 <br> (ACCOUNTING AND FINANCE) 

(FIRST YEAR)
530. COSTING METHODS
(Old Regulations)
Time: Three hours
Maximum: 100 marks

## Answer any FIVE questions

1. What is cost accounting? Explain its advantages.
2. Explain the various elements of cost briefly.
3. Compute the earnings of worker under the:
a) Time rate method
b) Piece rate method
c) Halsey plan
d) Rowan plan

Information given:
Wage rate ₹ 5 per hour
Dearness Allowance ₹ 1
Standard hours : 80
Actual hours : 50
4. Ascertain the cost and selling price from the following:

Materials consumed
Wage s paid
Works on cost at $50 \%$ of wages
Office on cost at $20 \%$ of works cost
Selling on cost at $10 \%$ of work cost
Profit at $20 \%$ on cost
5. Calculate the Economic order quantity from the following particulars.

Annual usage 40,000 units
Buying cost per order ₹ 20
Cost per unit ₹200
Cost of carrying inventory $10 \%$ of cost.
30,000
6. In manufacturing a product 1000 kgs of raw materials at ₹ 8 per kg were supplied to process ' X ' other expenses of the process were as follows.
Labour cost
2,000
Production expenses
1,000

Normal loss in the process has been estimated at $10 \%$ of the input and its could be sold at ₹ 2 per kg. The actual output in the process was 880 kgs . Which was transferred to process Y.
Prepare process ' X ' account and abnormal loss account.
7. From the following data calculate the cost per km. of a Vehicle

| Estimated life | $1,50,000 \mathrm{kms}$ |
| :--- | ---: |
| Estimated annual kms | $10,000 \mathrm{kms}$ |
| Value of vehicle | $₹ 50,000$ |
| Road licence p.a | $₹ 1,500$ |
| Insurance charges p.a. | $₹ 1,000$ |
| Garage rent p.a | $₹ 12,000$ |
| Drivers salary p.m. | $₹ 5,000$ |
| Cost of petrol per litre | 15 |
| Proportion charges for tyres and maintenance per kilometer | 1.00 |

8. Explain the different methods of costing with its applicability to modern industries.

SECTION -B
$(3 \times 20=60)$
Answer any THREE questions
9. From the following transactions prepare stores ledger account (using the FIFO method)

2013 October 1 Opening balance 100 units at ₹ 5 each
October 2 Received 500 at ₹ 5 each
October 20 Issued 300 units
November 5 Issued 200 units
November 6 Received 500 units at ₹ 5
December 10 Issued 300 units
December 12 Issued 250 units
10. Ascertain the profit as per financial book from the following information

|  | $₹$ |
| :--- | ---: |
| Profit as per cost accounts | 25,000 |
| Closing stock overvalued in cost books | 12,500 |
| Preliminary expenses written off | 3,000 |
| Profit on sale of building | 30,000 |
| Administrative expenses over recovered in cost books | 50,375 |
| Works overhead under recovered in cost books | 30,375 |
| Bank interest and transfer fee in financial books | 5,000 |
| Interest on investment recorded in financial books | 10,000 |
| Depreciation shown excess in cost books | 4,000 |
| Provision made for income tax | 40,000 |

11. The following is the information relating to contract No: 123

|  | $₹$ |
| :--- | ---: |
| Contract price | $6,00,000$ |
| Wages | $1,64,000$ |
| General expenses | 8,600 |
| Raw materials | $1,20,000$ |
| Plant | 20,000 |

As on date cash received was ₹ 240000 being $80 \%$ of work certified. The value of materials remaining at site was ₹ 10,000 . Depreciate plant by $10 \%$. Prepare contract account showing profit to be credited to Profit and Loss Account.
12. Make out the necessary accounts from the following details:

|  | Processes A | Processes B |
| :--- | ---: | ---: |
|  | $₹$ | $₹$ |
| 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 wastage per unit | $₹ 1$ | $₹ 2$ |

There was no opening or closing stock or work-in-progress. Final output from process B was 17000 units.
13. What do you understand by classification allocation and apportionment in relation to overhead expenses?

