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Register Number:

Name of the Candidate:

**M.Com. DEGREE EXAMINATION, May 2015****(ACCOUNTING AND FINANCE)****(FIRST YEAR)****530. COSTING METHODS****(Old Regulations)**

Time: Three hours

Maximum: 100 marks

**SECTION -A****(5 × 8 = 40)****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	20,000
Wages paid	30,000
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.

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6. In manufacturing a product 1000kgs 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 kms
Estimated annual kms	10,000 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 × 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?

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