

Register Number:

Name of the Candidate:

B.Com DEGREE EXAMINATION, December 2014

(COMPUTER APPLICATIONS)

(THIRD YEAR)

(PART – III)

760: PRINCIPLES OF COSTING

(Old Regulations)

Time: Three hours

Maximum: 100 marks

SECTION - A

Answer any FIVE questions.

(5 × 8 = 40)

1. Distinguish between costing and cost accounting Discuss the objects of costing.
2. Distinguish between fixed, variable and semi – variable costs giving two examples of each.
3. What do you understand by ABC analysis? What are its advantages.
4. What do you understand by absorption of overheads? Discuss various methods of absorption of factory overheads.
5. The particulars of two types of materials A and B are given as under.
Minimum usage / Consumption 25 units per week of each material.
Minimum usage / Consumption 75 units per week of each material.
Re-order Quantity : A – 300 units B – 500 units
Re-order Period : A – 4 to 6 weeks B – 2 to 4 weeks
Calculate maximum stock level and minimum stock level.
6. A work measurement study was carried out in a firm for 10 hours and the following information was generated.
Units Produced - 350 Idle line 15%
Performance rating 120% Allowance Time 10% of standard Time.
What is the standard time for the task.
7. Calculate the earnings of workless A,B and C under straight piece rate system and Marrick's multiple price rate system from the following particulars:
Normal rate per hour - ₹1.80.
Standard Time per unit - 1 minute
Output fee day is as follows:
- Worker A : 384 units.
- Worker B : 450 units.
- Worker C : 552 units.
- Working hours per day are 8

8. From the following date, prepare an operating cost statement showing the cost of electricity generated per KWh:

Total units generated 10 Lakhs KWh

	₹
Operating wages	50,000
Repairs & Maintenance	50,000
Lubrications & Spares	40,000
Plant supervisor	30,000
Administration overhead	20,000

Coal consumed per KWh for the year is 2.5Kgs @ Re.0.02 per Kg. Charge depreciation at 10% capital cost of ₹2,00,000.

SECTION - B

Answer any THREE questions.

(3 × 20 = 60)

9. Define costing Explain briefly the objectives of costing.
10. What do you understand by classification, allocation and apportionment in relation to overhead expenses? How is this achieved?
11. Prepare a stores ledger Account from the following details using LIFO method of printing the issue of Materials.

April 1	Opening balance	10,850kg @ ₹130 per kg.
April 2	Purchased	20,000kg @ ₹134 per kg.
April 3	Issued	6,750kg to Production
April 5	Issued	8,500kg to Production
April 6	Received pack	550kg. From Production being surplus.
April 7	Purchased	17,550kg @ 128 per kg.
April 8	Issued	11,250kg to production
April 9	Physical verification revealed a loss of	250kg
April 10	Issued	8,950kg to Production
April 12	Issued	6,300 kg to Production
April 15	Purchased	10,000kg @ ₹132 per kg.
April 16	Issued	7,750kg to Production.

12. Calculate the standard labour hour rate for workmen of grade III from the following data:

Basic pay ₹200p.m

D.A ₹150p.m

Fringe benefits ₹100p.m

Numbers of working days per year – 300

Leave rules : 30 days P.L. with full pay

20 days S.L. with half pay

Usually sick leave is fully availed of.

What would be the labour cost per hour if no sick leave is availed of during the year?

13. In respect of a factory the following figures have been obtained for the year 1994.

Cost of materials	₹6,00,000
Direct wages	₹5,00,000
Factory Overheads	₹3,00,000
Administration overheads	₹3,36,000
Selling overheads	₹3,36,000
Distribution overheads	₹1,40,000
Profit	₹4,20,000

A work order has been exceeded in 1995 and the following expenses have been incurred:

Materials ₹8,000 and wages ₹5,000.

Assuming that in 1995 the rate of factory overheads has increased by 20% distribution overheads have gone down by 10% and selling and administration overheads have each gone up by $12\frac{1}{2}\%$ at what price should the product be sold so as to earn the same rate of profit on the selling price as in 1994?

Factory overhead is based on direct wages while all other overheads are based on Factory cost.

\$\$\$\$\$\$