COST ACCOUNTING (17UEC41)

K1 LEVEL

Unit - I

1. It is a location, person, or item of equipment for which cost may be ascertained

a Cost unit **b Cost center** c Cost control d Profit center

2 . These are expenses which cannot be allocated, but can be apportioned to or absorbed by the cost centers or cost units

a Indirect expenses b Direct expenses c Indirect labour d Chargeable expenses

3. Advertising and publicity is an example of

a Prime cost b Works cost c Administrative overhead **d Selling overhead**

4. Overheads refer to _____________.

a Direct cost **b Indirect cost** c Estimated cost d None of the above

5.The total of all direct expenses is known as

a Prime cost b works cost c overheads d Administration cost

7. The basic objective of cost accounting is

a Financial audit b Tax compliance **c Cost ascertainment** d Price fluctuation

8.Direct expenses are also called

a Major expenses **b Chargeable expenses** c Overhead expenses d Sundry expenses

9.Factory overhead can be charged on the basis of

a Material cost b Labour cost c Prime cost d Direct expenses

10.Office and administrative expenses can be charged on the basis of

a. Material cost b Labour cost **c Prime cost** d Factory cost

11.Direct material is a

a.Fixed cost **b.Variable cost** c.Semi variable cost d.Semi fixed cost

12 .A document which provides for the detailed cost centre and cost unit is

a.Tender b.Cost sheet c.Invoice d.Profit statement

13 .Which one of the following is not an inventory valuation method

a.FIFO B.LIFO C.Weighted average **d.EOQ**

14. In element-wise classification of overheads,which one of the following is not included

a.Fixed overhead b.Indirect labour c.Indirect materials d.Indirect expenditure

15. _____________ is the primary objective of cost accounting.

A. cost ascertainment B. financial audit C. profit analysis. D. tax compliance

16. Direct cost incurred can be identified with--------.

A. each department **B. each unit of output.** C. each month. D. each executive.

17. Cost classification can be done in ----------.

A. Two ways. B. Three ways. C. Four ways. **D. Several ways**.

18. Elements of costs are-----------.

A. four types **B. three types** C. five types D. seven type s

19. Direct expenses are also called------------.

A. major expenses **B. Chargeable expenses** C. overhead expenses D. sundry expenses

20. Indirect material used in production is classified as-----------.

A. office overhead B. selling overhead C. distribution over head **D. production overhead**

Unit - II

1. Warehouse rent is a part of -----------------.

A. prime cost B. factory cost **C. distribution cost** D. production cost

2. Indirect material scrap is adjusted along with ------------.

A. prime cost **B. factory cost** C. labour cost D. cost of goods sold

3 .Which one of the following is not considered for preparation of cost sheet?

A. Factory cost **B. goodwill written off** C. labour cost. D. Selling cost .

4. Sale of defectives is reduced from-----------.

A. prime cost B. works cost **C. cost of production** D. cost of sales.

5. Cost of sales plus profit is----------------.

A. selling price B. value of finished product. C. value of goods produced D. value of stocks.

6. Total of all direct costs is named as------------.

A. work cost B. cost of goods sold **C. prime cost** D. cost of production.

7. Wages paid to a labour who was engaged in production activities can be termed as------------.

A. direct cost B. indirect cost C. prime cost D. imputed cost.

8. Cost accounting refers to the techniques and processes of----------.

A. allocation of costs **B. ascertainment of costs** C. distribution of cost D. apportion of cost

9. Office and administration expenses can be charged on the basis of-------.

A. material cost B. labour cost C. prime cost **D. factory cost**

10. Selling and distribution expenses can be charges on the basis of--------------------.

A. material cost B. labour cost C. prime cost **D. factory cost.**

11. An example of variable cost is----------.

A. property tax B. interest on capital **C. direct material cost** D. depreciation of machinery.

12 . Economic Order Quantity is also known as _____________

A. Reorder quantity B. Optimal order quantity **C. Both A & B** D. None of the above

13 . Danger level is __________

A. Average consumption * Le ad time for emergency purchases

B. Average consumption * reorder period

C. Minimum consumption * minimum reorder period

D. Maximum consumption * maximum reorder period

14. Overhead cost is the total of ----------------.

A. all indirect costs B. all direct costs C. indirect and direct costs. D. all specific costs.

15. Audit fees is a part of--------------.

A. works on cost B. selling overhead C. distribution over head

D. administration overhead.

16. Factory overhead can be charged on the basis of ---------.

A. material cost. B. labour cost. C. prime cost **D. factory cost.**

17. Cost accounting concepts include all the following except-----------.

A. planning B. controlling **C. profit sharing** D. product costing

18. Direct material is a ---------------.

A. variable cost B. fixed cost C. semi fixed cost D. semi variable cost.

19. According to which method of pricing issues is close to current economic values?

A. Last In First Out B. First In First Out C. Highest In First Out

D. Weighted average pr ice.

20. The term base stock in the method of issuing materials represents the-----------.

A. quantity of stock being issued. B. maximum stock C. stock in balance

D. minimum stock.

Unit - III

1. Sales -Gross profit=----------------.

A. net profit B. cost of production C. administrative expenses **D. cost of goods sold**

2 . Opening stock+purchases+direct expenses-closing stock= ---------------.

A. net profit B. cost of production C. administrative expenses **D. cost of goods sold**

3. Directors remuneration and expenses form part of ---------------.

A. Production overhead **B. Administration overhead** C. Selling overhead

D. Distribution over head

4. Process costing is suitable for-------------.

A. hospitals **B. oil refining firms** C. transport firms. D. brick laying firms.

5. The tracing or reassigning of costs to one or more cost objectives is referred to as------------.

A. cost allocation B. historical costing C. set up costing D. cost apportionment

6. The three main categories of manufacturing costs are:--------------

A. direct material, direct labour and factory overhead

B. direct labour,indirect labour and overtime premium s

C. raw materials, work in progress and finished goods

D. raw materials, direct labour and finished goods.

7. Overhead is also known as----------.

A. on cost B. basic cost C. extra cost D. chargeable expenses

8. The process of setting standards and comparing actual performance with standards with a view to control the cost is----------------.

A. cost reduction **B. cost control** C. cost allocation D. cost ascertainment

9. Reorder level=-----------------------.

A. Maximum level-Minimum level

B. Maximum consumption * Maxim um reorder period

C. Minimum consumption * Minimum Reorder period .

D. Normal consumption * Normal reorder period.

10. In order to avoid the stoppage of production due to shortage of material ------------.

A. Maximum stock level is maintained

B. Minimum stock level is maintained

C. Re-order level is maintained

D. average stock level is mainta ined

11. In order to avoid the cost of overstocking---------------.

A. Maximum stock level is maintained

B. Minimum stock level is maintained

C. Re-order level is maintained

D. average stock level is mainta ined

12 . This is a point at which the store keeper should initiate purchase requisition for fresh supply. It is------------.

A. Maximum stock level B. Minimum stock level

C. Reorder level D. Average stock level

13. This is a level at which normal issue of material are stopped, but issued under special condition. It is -----------.

A. Maximum stock level B. Minimum stock level

C. Danger level D. Average stock level

14. Annual usage is 6000 units @ Rs. 0 per unit. Cost of placing and receiving an order is Rs. 60andannual carrying cost of one unit is 10% of inventory value. EOQ= ------------

A. 600 units B. 750 units C. 1 00 unit s D. 1 50 units

15. _____________ is the method in which issue prices of material is computed by dividing total purchase cost of material in stock with total quantity in stock.

A. Simple average method B. Periodical average method

C. Weighted average method D. Periodic simple average method

16. If minimum stock level is 900 units and economic ordering quantity is 750 units, then average stocklevel = -------------.

A. 8 5 units **B. 1 75 units** C. 15 5 units D. 1650 units

17. Packing cost is --------------.

A. Production cost B. Selling cost C. administration cost **D. distribution cost**

18. Toy manufacturing industry should use----------.

A. unit costing B. process costing **C. batch costing** D. multiple costing.

19. Job costing used in ___________________________

A. chemical works **B. printing works** C. paper works D. textile mills.

20. Cost unit of a sugar industry can be---------

A. per liter **B. per tone** C. per acre D. per meter

Unit- IV

1.In case of rising prices, FIFO method will

A.provide lowest value of closing stock and profit

B.provide highest value of closing stock and profit

C.provide highest value of closing stock but lowest value of profit

D.provide highest value of profit but lowest value of closing stock

2 .In case of rising prices, LIFO method will

A. provide lowest value of closing stock and profit

B.provide highest value of closing stock and profit

C.provide highest value of closing stock but lowest value of profit

D.provide highest value of profit but lowest value of closing stock

3 . Most suitable basis for apportioning insurance of machine would be

A. Floor Are **B.Value of Machines** C.No of Workers D. No of Machines

4. Factory overhead can be charged on the basis of…….

A. material cost B.labour cost C.prime cost D. direct expenses

5. Job costing used in……..

A. paper mills B.chemical works **C.printing works** D. textile mill

6.Direct material is a……..

A. fixed cost **B.variable cost** C.semi variable cost D. semi fixed cost

7. …………is the value of economic resources used as a result of producing or doing the thing costed.

A. Cost B.Inventory C.Labour D. overhead

8. Difference between attendance time and job time is …………

A. job time B.over time C.actual time **D. idle time**

9.Piece workers are pain on the basis of………

A. output sold **B.output produced** C. output in stock D. input received

10. Time wages are paid on the basis of…………

A. job time B.over time **C.actual time** D. idle time

11. Differential piece wages means………..

A. different wages for different level of performance

B different wages for different time consumed

C different wages for different level of output

Ddifferent wages for different types of industries

12 .**The following is also known as overhead costs or on costs.**

A Cost of direct labour B Cost of indirect labour C Direct expenses **D Indirect expenses**

13 .**Cost of preparing drawings for the manufacture of a particular product is**

A Cost of direct labour B Cost of indirect labour

C Direct expenses D Indirect expenses

14. When a manufacturing Company has highly automated manufacturing plant producing many different products, the most appropriate basis for applying FOH cost to work in process is:

a. Direct labor hours **b. Direct labor costs** c. Machine hours d. Cost of material used

15. ....is an extension of job costing.

a Process costing **b Batch costing** c Contract costing d Operation costing

16. When job is very big and spread over long periods of time the method of costing adopted is

a Process b Job **c Contract** d Operation

17. Continuous costing is also called

a Operation costing **b Process costing** c Batch costing d Contract costing

18. Work cost is the total of

a Direct cost b Indirect cost **c Controllable cost** d Uncontrollable cost

19. Opportunity cost does not involve………….

a Cash inflow **b Cash outlay** c Either a or b d None of these

20. Depreciation is ....expenditure.

a variable b Fixed c Direct **d Semi-variable**

Unit- V

1. The process of distribution of overheads allotted to a particular department or cost center over the units produced is called:

a. Allocation b. Apportionment **c. Absorption** d. Departmentalization

2 . Cost accounting has been developed because of .... of financial accounting.

a limitations b expenditure c statutory requirements d None of these

3 . Which of the following is not a means whereby factory overheads can be charged out to production?

a. Direct labour rate **b. Overtime rate** c. Machine hour rate d. Blanket rate

4. .... costing is suitable for mines, quarries, cement works etc.

a Process b Contract c Batch **d Operation**

5. Cost accounting is based on .... figures.

a Estimated **b. Historical** c. Either a or c d.None of these

6 Annual requirement is 7800 units; consumption per week is 150 units. Unit price ` 5, order cost ` 10 per order. Carrying cost ` 1 per unit and lead time is week, The Economic order quantity would be.

a. 95 units b. 00 units c. 50 units d. 150 units

7. In .... costing the cost of a group of products is ascertained.

a Process b Job **c Batch** d Service

8. The total of all direct expenses is known as………..

a Total cost b Overhead **c Prime cost** d Work cost

9. According to Rowan premium plan, which of the following formula is used to calculate the bonus rate?

a. Time saved/time allowed x 100 b. Time allowed/time saved x 100

c. Actual time taken/time allowed x 100 d. Time allowed/actual time taken x 100

10. Depreciation on plant and machinery is :

a. Not a cash cost, so is ignored in the cost accounts **b. Part of manufacturing overheads**

c. Part of prime cost   d. Always calculated using the straight-line method

11. Which of the following is not a possible method of accounting for administration overheads?
a. Include as part of production overheads

b. Apportion to production, selling and distribution functions

c. Treat administration as a separate entity and treat the costs as such

d. Transfer to costing profit and loss account

12 . Which of the following is not used as a base for apportionment of administration overheads?
a. Direct wages   b. Works cost   c. Conversion cost   d. Sales value

13 . In account ting for labour cost:

a. A. direct labour cost and indirect labour cost are charged to prime cost

b. Direct labour cost and indirect labour cost are charged to overheads

c. Direct labour cost is charged to prime cost and indirect labour cost is charged to overheads

d. All of the above

14. Overtime premium may be treated, depending on the circumstances, as:

a. Part of direct wages   b. Part of production overheads

c. Part of capital order   **d. All of the above**

15. A manufacturing firm is very busy and is working overtime. The amount of overtime premium contained in direct wages would normally be classed as:

a. Part of prime cost   **b. Factory overheads**

c. Direct labour cost   d. Administrative overheads

16. Which of the following is false regarding the LIFO method of inventory valuation?

a. The material issue will be priced at the price of the material that is purchased last.

b. The pattern of cash flow does not necessarily coincide with the actual flow pattern of materials.

c. It permits management to influence net income by timing the purchases.

d. LIFO determines closing inventory at recent costs.

17. Which of the following inventory valuation methods shows higher profits during the period of rising prices?

a. FIFO method. b. LIFO method.

c. Weighted average method. d. Simple average method.

18. Overhead expenses can be classified according to:

a. Functions b. Elements c. Behavior **d. All of the above**

19. Which of the following is not included in functional classification of overheads?

a. Repairs and maintenance b. Lubricating oil

c. Consumable stores **d. Chargeable expenses**

20. Which of the following costs is not a factory overhead expense?

a. Depreciation of equipment used in the research department

b. Salary of quality control inspector

c. Overtime premium paid to direct labour

d. Machine maintenance labour cost

COST ACCOUNTING (17UEC413)

K2 LEVEL

Unit- I

1.What do you mean by Cost?

Cost means the amount of expenditure incurred upon manufacturing of an article or providing any service.

2. What do you understand by Costing?

costing is the technique and process of ascertaining the cost.

3. What is meant Cost Accounting?

Cost accounting is the provision of such analysis and classification of the expenditure as will enable to ascertain the total cost of any particular unit of production.

5.Differentiate between Cost and Costing?

Cost means the amount of expenditure incurred upon manufacturing of an article for providing any service while Costing is the technique and process of ascertaining cost.

6.Explain Cost Unit?

Cost unit is a certified measurement of any goods or service like per ton, per km, per passenger km.

7.Name four methods of Costing?

- **Unit costing.**
- **Process costing.**
- **Job and contract costing.**
- **Operating costing.**

8.What is the main object of Cost Accounting?

- **Determination of cost.**
- **cost control and cost reduction.**
- **helpful in the determination of policy.**
- **helpful in decision making.**
- **furnishing all cost information.**
- **compliance with statutory requirements.**

9 .Define indirect expenses?

Expenses which cannot be directly allocated to particular cost centres and cost unit but can be apportioned or absorbed among the

10.Give 5 examples of direct expenses?

In addition to direct material, direct labour the other direct expenses are Royalty, Excise duty, Sub-contract cost, Carriage charges etc.

Unit- II

1. State the meaning of material requisition note

It is a formal request to issue the materials stating description and work order (for which the material is required)

2. What is the use of BIN CARD?

Each receipt and issue is recorded on bin card in chronological order and the latest balance is shown after each receipt and issue

3. What is FIFO?

It is first in first out method. Materials received first will be issued last

4. What is LIFO?

It is last in first out method. It means materials received last are issued first

5. What is EOQ?

Economic ordering quantity. It is not a stock level. It is a quantity to be ordered when the stock reaches the minimum level

6. Write the meaning of minimum stock level.

It is a stock level below which stock of materials is never to fall.

7. What do you mean by danger level?

The level is below the minimum quantity

8. What is re-ordering level?

This level lies between the maximum level and the minimum level

9. Give the formula for weighted average method?

Weighted average method = Value of materials in stock/quantity in stock

10. Write a note on simple average method.

Issues of raw materials are fixed at the calculated average unit price. When new purchases are made at different rates, the average changes.

Unit- III

1.What idle time?

Idle time means No production hours but wages is paid to the worker for that time.

2.Name the methods of Giving Remuneration to workers?

- **Ordinary time rate method.**
- **Graduated time rate method.**
- **High-level time rate method.**

- **Straight piece rate method.**
- **Piece rate with guaranteed pay rate, and differential piece rate.**

3. What is Piece Rate Wages?

Wages of the workers is calculated on the basis of a number of manufactured goods or work.

4. What is meant by Wages abstract?

It is a statement prepared by the cost accounting department with the help of time card job card and wages sheet.

5. What is meant by differential piece rate?

Differential piece rate in this method the payment of wages is made on piece rate basis but there are different piece rate depends upon the efficiency of the worker.

6.What do you mean by overtime wages?

If workers work in the factory in excess of normal time wages paid for the excess working horse is overtime wages.

7. What is meant by labour turnover?

When an existing worker quits the services of the factory is known as labour turnover.

8. What is the difference between remuneration and incentive wages?

Amount paid to workers in consideration of their services is remuneration while incentive is paid for extra work.

9. Write any Five names of Popularly labour bonus plans for wages payment?

Bonus scheme for wages payment are the following

- **Halsey premium plan.**
- **Rowan scheme.**

- **Emersions efficiency plan.**
- **Priestman bonus scheme.**
- **Merric"s differential piece rate method.**

10.Explain the profit sharing scheme?

Provision of bonus payment act 1965 applies upon payment of bonus to workers which ranges from 8.33% to 20.00% of normal wages.

Unit- IV

1. What is meant by overheads?

The aggregate of indirect material cost, indirect wages, and indirect expenses are known as overhead.

2. What do you understand by fixed overhead?

Fixed overhead remains unchanged up to a fixed level of production and is related to time factor rather than production factor.

3. Explain variable overhead?

The cost which increases or decreases in proportion production activities is known as variable overhead.

4. What is semi-variable overhead?

Overhead which does not increase or decrease in proportion to production activities is known as semi-variable overhead.

5. Examples of variable overheads?

- **Fuel and power**
- **Royalty**
- **packing expenses**

- **commission of traveling agents.**

6.What is meant by the functional specification of the indirect cost?

- **Functional classification of overheads are**
- **Factory or work overhead**
- **Office or administration overhead and**
- **Selling and distribution overhead.**

7. Give 2 Examples of Factory Overhead?

- **Factory rent, rates, and insurance.**
- **Factory lighting.**
- **Work manager salary.**
- **Depreciation of factory building.**
- **Drawing office salaries.**

8. Give 2 examples of Office Overhead?

- **Office rent, rates, and Taxes.**
- **Staff salaries.**
- **Printing and stationery.**
- **Postage and telephone charges.**
- **Depreciation of office building and furniture.**

9. Give 2 examples of Distribution overhead?

- **Packing expenses.**
- **Rent of Warehouse.**

- **Warehouse insurance.**
- **Delivery Van expenses.**
- **Salary of Watchman of the house.**

10. What do you mean by the allocation of overhead?

It is the allotment of all items of cost to cost centers or cost units.

Unit- V

1.What do mean by Process costing method?

It is a method of cost determination and is used manufacturing concern where raw material passes through many processes up to finished goods.

2. Explain the objective of Process Costing method?

It is useful to determine the cost of the process, to ascertain wastage in each process, to ascertain the price of by-product and join product and to segregation total expenses.

3.What is Abnormal Wastage?

When actual wastage is more than normal wastage the difference is termed as abnormal wastage.

4.What is Scrap?

It is incidental residue material from certain manufacturing operation. It is measurable but having relatively minor recovery value then by-products.

5.What is the difference between By Product and Scrap?

Joint product is an incidental product of the main product of the main product having saleable value while scrap is a loss of material during production.

6.What is Inter process Profit?

When the transfer of manufacturing goods from one process to another is being done after adding a certain percentage of profit. This creates a problem of interprocess profit main advantage is that efficiency of every process is ascertained.

7.Differentiate between Abnormal Waste and Abnormal Effective?

When actual loss is more than the normal loss it is called as the abnormal loss while if actual loss is less than the normal loss it is called as an abnormal effective abnormal loss is transferred in the debit side of costing profit and loss account.

8.What is represented by the excess of Actual wastage over Normal Wastage?

Excess of actual wastage over normal wastage is abnormal is wastage.

9.How scrap or wastage is the treatment of scrap made?

Scrap is that residual portion of the material which remains at the end of the manufacturing process and cannot be further processed its sale value can be deducted out of the cost of material or overhead.

10.What do you mean by abnormal Effective?

When actual wastage is less than normal wastage the difference Is termed as abnormal effectiveness the balance of this account is transferred to profit or loss.

COST ACCOUNTING (17UEC413)

K3 LEVEL

Unit – I

1. Examine the advantages of FIFO method

2. Examine Simple average method

3. Discover the elements of cost

4. What are the advantages of cost Accounting?

5. Examine the objectives of cost accounting.

6. Write the scope of cost accounting.

7. From the following particulars, prepare a statement showing the components of the total sales and the profit for the year ended 31st December.

	Rs.
Stock of finished goods (1st Jan)	6,000
Stock of raw materials (1st Jan)	40,000
Work-in-progress (1st Jan)	15,000
Purchase of raw materials	4,75,000
Carriage inwards	12,500
Factory rent, taxes	7,250
Other production expenses	43,000
Stock of goods (31st Dec)	15,000
Wages	1,75,000

Works manager's salary	30,000
Factory employees's salary	60,000
Power expenses	9,500
General expenses	32,500
Sales for the year	8,60,000
Stock of raw materials	50,000
Work-in-progress (31st Dec)	10,000

8. Draw a statement of cost from the following particulars:

		Rs.
Opening Stock:	(1) Materials	2,00,000
	(2) Work-in-progress	60,000
	(3) Finished goods	5,000
Closing Stock:	(1) Materials	1,80,000
	(2) Work-in-progress	50,000
	(3) Finished goods	15,000
Materials Purchased		5,00,000
Direct Wages		1,50,000
Manufacturing Expenses		1,00,000
Sales		8,00,000
Selling & Distribution Expenses		20,000

9. From the following particulars prepare cost sheet:

Direct materials Rs 8,000

Direct wages Rs 6,000

Direct expenses Rs 2,500

Administrative expenses Rs 4,000

Factory overheads Rs 5,000

Sales Rs 40,000

10. Draw a statement of cost from the following particulars:

Opening stock :1) Materials 2,10,000

2) Work-in-progress 60,000

3) Finished goods 5,000

Closing stock:1) Materials 1,85,000

2) Work-in-progress 50,000

3) Finished goods 15,000

Materials purchased 5, 00,000

Direct wages 1, 50,000

Manufacturing expenses 1, 00,000

Sales 8, 00,000

Selling and distribution expenses 20,000

Unit – II

1. Calculate the Economic Order Quantity from the following information. Also state the number of orders to be placed in a year.

Consumption of materials per annum	10,000 kg
Order placing costs per order	Rs.50
Cost per kg of raw materials	Rs.2

Storage costs 8% on average in inventory.

2. A firm is able to obtain quantity discounts on its orders of material as follows:

Price per Tones	
Rs.6.00	Less than 250
5.90	250 and less than 800
5.80	800 and less than 2000
5.70	2000 and less than 4000
5.60	4000 and over

The annual demand for the materials 4,000 tones. Stock –holding costs are 20% of material cost per annum. The delivery cost per order is Rs.6.00. You are required to calculate the best quantity to order.

3.Calculate the re-ordering level from the following information .

Maximum consumption = 300 units per day .

Minimum consumption = 200 units per day

Re – order period = 8 to 10 days.

4. What are the Techniques of Material Control?

5. Calculate EOQ from the following:

Annual usage Rs 1,20,000,

Cost of placing and receiving one order Rs 60,

Annual carrying cost 10% of inventory value.

6. From the following particulars prepare the stores ledger by adopting First in first Out method.

Date	Receipts	Issues
2010 -March.1	600 units at Rs. 5 per unit	
16	400 units at Rs. 6 per unit	
20		500 units
22	400 units at Rs. 7 per unit	
23		600 units
25	200 units at Rs.8 per unit.	
31		200 units

7. A factory requires 1,500 units of an item per month, each costing Rs.27.The cost per order is Rs.150 and the inventory carrying charges work out to 20 per cent of the average inventory. Find out the Economic Quantity and the number of orders per year.

8. From the following particulars write up the period Stores Ledger under last-in-first-out:

Dec. 1 Stock in hand 500 units at Rs.20

3 Issued 200 units

3 Purchased 150 units at Rs.22

4 Issued 100 units

5 Purchased 200 units at Rs.25 .

6 Issued 300 units

6 Returned to store 10 units (Issued on 4th Dec.)

7 Issued 100 units

8 issued 50 units

On 10th, it was noticed that there is a shortage of 10 units.

9. A factory requires 5, 500 units of an item per month, each costing Rs.29.The cost per order is Rs.250 and the inventory carrying charges work out to 20 per cent of the average inventory. Find out the Economic Quantity and the number of orders per year.

10. Calculate the Economic Order Quantity from the following information. Also state the number of orders to be placed in a year.

Consumption of materials per annum	20,000 kg
Order placing costs per order	Rs.100
Cost per kg of raw materials	Rs.5

Storage costs 9% on average in inventory.

Unit – III

1. From the following data, calculate total monthly remuneration of three workers A,B and C

under the Gant's Task and Bonus scheme .

i) Standard production per month per worker is 1,000 units.

ii) Actual production during the month A – 850 units B – 1000 units C – 1,100

Piece work rate Rs. 5 rupees per unit.

2. Rate per hour = Rs 150

Time allowed for job = 20 hours

Time taken = 15 hours

Calculate the total earning of the worker under the Halsey Plan. Also find out effective rate of earning.

3. Calculate the earnings of 3 workers A, B and C under " Merrick's Multiple piece rate system" given the following:

   Standard production per day: 150 units

   Normal piece rate : Rs 0.50 per unit

   Production of workers on a particular day:

   A-120 units, B- 140 units, C – 160 units

4. Calculate the earnings of worker from the following information under i. Halsey and ii Rowan plan:

   Standard time : 10 hours

   Time taken : 8 hours

   Time rate Rs 2.50 per hour

5. Rate per hour Rs.15 per hour

Time allowed for job 20 hours

Time taken 15 hours

Calculate the total earnings of the worker under the Halsey plan also find out effective rate of earning.

6. Calculate the earnings of worker A and worker B under the Straight Piece Rate System from the following information:

Normal rate per hour= Rs. 1.80

Standard time per unit= 20 seconds

Worker A produces 1300 units per day and worker B produces 1500 units per day

7. Explain the various types of wage payment systems.

8. Calculate the earnings of worker P, Q and R under the Straight Piece Rate System from the following information:

Normal rate per hour= Rs. 1.80

Standard time per unit= 1 Minute

Output per day

Worker P :384 units

Worker Q: 450 units

Worker R: 552 units

Working hours per day 8hrs.

9. Calculate the earnings of worker M and worker N from the following information:

Normal rate per hour= Rs. 1.00

Standard time per unit= 2min seconds

Output for the day:

Worker M :200 units

Worker N: 300 units

10. Calculate the earnings under " Merrick's Multiple piece rate system"

Standard production per day: 12 units

Normal piece rate : Rs 0.60 per unit

In an 8hours per day Hari produce 64 units Giri produce 96 units and Ravi produce 84 units and Sanjay produce 100 units

Unit – IV

1. What are the principles of Apportionment of Overhead Costs?

2. What are the advantages of departmentalization of overhead Expenses?

3. what is overhead? Explain the types of overhead rates.

4. Workout the machine hour rate for the following machine whose scrap value is nil.

Cost of machine Rs 3,60,000

Frieght and Installation Rs 40,000

Working life : 20 Years

Working Hours : 8,000 per year

Repair charges : 50% of depreciation

Power : 10 units per hour @10 paise per unit

Lubricating oil @ Rs. 2 per day of 8 hours.

Consumables stores @ Rs. 10 per day of 8 hours

Wages of Operator @ Rs. 4 per day.

5. Compare the two types of piece wage system.

6.Discover the various methods of wage payment systems.

7. Write short note on ‘fixed overheads’

8. Indicate the basis you would adopt for apportionment of the following items of overhead expenses to different departments:

i.Depreciation of machinery ii.Factory rent iii.Stores overhead

iv. Electronic power v.Insurance of building

9. Indicate the basis you would adopt for apportionment of the following items of overhead expenses to different departments:

1. Depreciation of plant 2.Rent 3.Creche expenses 4.Electricity 5.Insurance of stock

10. Calculate the earnings of worker A and worker B under the Straight Piece Rate System from the following information:

Normal rate per hour= Rs. 5

Standard time per unit= 6 minutes

Worker A produces 70 units per day and worker B produces 80 units per day

Unit – V

1. From the following data calculate the cost of abnormal gain and prepare process account.

Input introduced in process I 2000 units

Output 1900 unit

Normal loss 10% of output

Value of scrap per unit Rs.2

Cost of materials and other expenses Rs.36000

2. The cost of production of 100 units consists of Materials for Rs.5000, Labour Rs. 3000 Overheads Rs.688 the normal wastages of 4%. Show process account.

Explain the features of process costing.

3. 200 tones of raw materials are used for producing a commodity which passes through two processes. The costs are as follows:

Particulars	**Process I** **Rs.**	**Process II** **Rs.**
Materials	2,000	-
Labour	1,000	500
Works Expenses	500	300

10% of the material is wasted in the process. The wastage has been normal. The scrap realizes R.50. Show the Process I account.

4. The output of process A was 2500 units normal loss allowed was 10% of input abnormal loss 200 units.

Material at	Rs.5 (Per unit)
Labour	Rs. 4,000
Overheads	Rs. 3,350
Scrap realized	Rs.2.20
Units introduced	Rs.3,000

Prepare process A account and abnormal loss account.

5. Write out the characteristics of process costing.

6. In process A 100 units of raw material were introduced at a cost of Rs . 10000. The other Expenditure incurred by the process was Rs. 6020. Of the units introduced 10 % are normally lost in the course of manufacture and they possess a scrap value of Rs 30 each. The output of Process A was only 75 units. Prepare process A Account and Abnormal Loss Account.

7. What are the Limitations of process costing?

8. The following expenses were incurred for the production of 1,500 units of a durable product: Materials Rs 3,50,000, Wages Rs 1,20,000, overheads Rs 80,000 normal wastage in the process is 2% of the input and the scrap value is Rs 300 per unit. You are required to prepare process account, assuming there was no abnormal loss or gain.

9. Write short note on ‘selling & distribution overheads’

10. The cost of production of 100 units consisting of materials Rs.5000,labour Rs.3000 and overheads Rs.688.The normal wastage is 4%.Show the process account.

COST ACCOUNTING (17UEC413)

K4 LEVEL

Unit – I

1. Distinguish between cost accounting and financial accounting.
2. Describe the advantages of cost accounting.
3. Explain the different techniques of piece rate system under Labour.
4. Draw a statement of cost from the following particulars:

Opening stock :	
	1) Materials 2,10,000
	2) Work-in-progress 60,000
	3) Finished goods 5,000
Closing stock:	1) Materials 1,85,000
	2) Work-in-progress 50,000
	3) Finished goods 15,000

Materials purchased 5, 00,000

Direct wages 1, 50,000

Manufacturing expenses 1, 00,000

Sales 8, 00,000

Selling and distribution expenses 20,000

5.The components of A and B are used as follows:

a. Normal usage 50 units per week each

b. Minimum usage 25 units per week each

c. Maximum usage 75 units per week each

d. Reorder quantity A: 300 units, B: 500 units

e. Reorder period: A : 4 to 6 week, B: 2 to 4 weeks

Calculate for each component

a. Reorder level, b. Minimum level, c. Maximum stock level, d. Average stock level.

Unit – II

1. The received side of the stores ledger account shows the following particulars

January 1 – Opening balance 500 units @ Rs.4

5 – Received 200 units @ Rs.4.25

12 – Received 150 Units @ Rs.4.10

20 – Received 300 units @ Rs.4.50

25 – Received 400 Units @ Rs.4

Issues of material were as follows:

January : 4th – 200 units,

10^{th} – 400 units,

15^{th} – 100 units ,

19^{th} – 100 units,

26^{th} – 200 units,

30^{th}– 250 units

Issues are to be priced on the principle of FIFO.

2. The stock in hand of material as on 1^{st} September was 500 units at Rs.10 per unit. The following purchases and issues were subsequently made. Prepare the stores ledger account showing how the value of the issues would be recorded under FIFO method (K4)

Purchases	Issues
6^{th}sep 100 units at Rs.11	9^{th}sept 500 units
20^{th}sep 700 units at Rs.12	22^{nd}sep 500 units
27^{th}sep 400 units at Rs.13	30^{th}sep 500 units
13^{th}oct 1000 units at Rs.14	15^{th}oct 500 units
20^{th}oct 500 units at Rs.15	22^{nd}oct 500 units
17^{th}nov 400 units at Rs.16	11^{th}nov 500 units

3 From the following particulars write up the priced stores ledgers under Last-in-first-out:

Dec.1.Stock in hand 500 units at Rs.20

3. Issued 200 units

3Purchased 150 units at Rs.22

4 Issued 100 units

5 Purchased 200 units at Rs.25

6 Issued 300 units

6 Returned to store10 units (Issued on 4^{th} Dec)

7 Issued 100 units

8 Issued 50 units

On **10** th, it was noticed that there is a shortage of 10 units.

4 ABC is manufacturing refrigerators and the following details are furnished in respect of its factory operations for the month of March. The accounts reveal the following information:

PARTICULARS	***Rs.***
Stock on hand 1^{st} March:	
Raw Materials	27,500
Finished Goods	17,360
Stock on hand 31^{st} March:	
Raw Materials	26,250
Finished Goods	17,000
Purchase of Raw Materials	21,900
Work-in-progress 1^{st} March	8,500
Work-in-progress 1^{st} March	9,100
Sale of financial goods	72,310
Direct Wages	17,150
Non-productive wages	930
Works Expenses	9,340
Office and Administrative Expenses	4,160
Selling and Distributing Expenses	6,510

You are required to construct a statement so as to show:

(a) The value of materials consumed,

(b) The total cost of production

(c) The cost of goods sold

(d) The net profit for the month.

5.The following particulars have been extracted in respect of material X. Prepare ledger account showing the receipts and issues, pricing the materials issued on the basis of Simple Average Method.

Receipts:

3rd oct purchased 500 units at Rs 4.00 per unit

13th oct purchased 950 units at Rs 4.30 per unit

23rd oct purchased 600 units at Rs 3.80 per unit

Issues:

5th oct purchased 400 units

15th oct purchased 650 units

25th oct purchased 610 units

Unit – III

1. From the following particulars, calculate the earnings of two workers under Taylors' differential piece rate system. Standard time allowed 40 units per hour.

Normal time rate Rs 4 per worker

Differential piece rates: 75% of piece rate when below standard

125% of piece rate when at or above standard

In a day of 8 hours, the workers have produced as follows:

Ram 280 units, Shyam 400 units.

2 Explain the different techniques of piece rate system under Labour.

3. From the following particulars, calculate the earnings of two workers under Taylors' differential piece rate system. Standard time allowed 55 units per hour.

Normal time rate Rs 10 per worker

Differential piece rates: 75% of piece rate when below standard

125% of piece rate when at or above standard

In a day of 8 hours, the workers have produced as follows:

Raju 380 units, Siva 500 units.

4. From the following particulars, calculate the earnings of two workers under Taylors' differential piece rate system.

Normal time rate Rs 1.80 per worker

Standard time per unit 20 seconds

Differential piece rates: 80% of piece rate when below standard

120% of piece rate when at or above standard

In a day of 8 hours, the workers have produced as follows:

Raja 1300 units, Arun 1500 units.

5.Explain the different techniques of piece rate system under Labour.

Unit – IV

1 The following are the particulars given to you:

Standard time 10 hours

Time rate Rs.3 per hour.

Prepare a comparative table under Halsey and Rowan plan if time taken is 9 hours, 8 hours, 7 hours, 6 hours, 5 hours, 4 hours, and 3 hours. The table should clearly show the amount of bonus payable, the amount of total wages and labour cost per hour under the two methods.

2. From the following information relating to a machine installed in a factory, calculate the machine hour rate.

Purchase price of the machinery Rs.1, 00,000 its scrap value is Rs.10,000

Installation and incidental charges incurred on the machine is Rs. 10,000

Life of the machine is 10 years of 2000 working hour each

Repair charges 50% of depreciation

Machine consumes 10 units of electric power per hour @ 40 *paisa* per unit

Oil expenses at Rs.2 per day of eight hours

Consumable stores at Rs.10 per day of eight hours

Three workers are engaged on the machine at Rs.5 per day of eight hours

3. Explain the classifications of overhead

4. Calculate the earnings of worker from the following information under i. Halsey and ii Rowan plan:

Standard time : 10 hours

Time taken : 8 hours

Time rate Rs 2.50 per hour

5. Kumaresh Ltd has three production departments A, B and C and two service departments D and E. The following figures are extracted from the records of the company:

Rent	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General lighting	600
Power	1,500
Sundries	10,000

Following further details are available:

Particulars	**Total**	**A**	**B**	**C**	**D**	**E**
Floor space in square feet	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages(Rs)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	30	50	10	-
Value of machinery (Rs)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Unit – V

1. Mr. Ramkumar produces the product "Tom" which goes through three distinct process. The following information is available from his accounts:

Items	**Process I**	**Process II**	**Process III**

Direct materials	10,000	6,000	4,000
Direct wages	4,000	2,000	2,000
Direct expense	8,000	4,000	2,000

Indirect expenses incurred are Rs 8,000 which are recovered on the basis of 100% of direct wages. You are required to prepare process accounts.

2. A product is obtained after it passes three distinct processes. From the following information prepare process accounts.

Particulars	***Process I***	***Process II***	***Process III***
Raw materials(Rs)	2600	1980	2962
Direct wages(Rs)	2000	3000	4000
Normal loss (%)	5%	10%	15%
Scrap value per unit	2	4	5
Production	950 units	840 units	750 units

General expenses Rs.9000, which is absorbed on the basis of wages. 1000 units at Rs.3 each were introduced to Process I account.

3. A product is obtained after it passes three distinct processes. From the following information prepare process accounts.

Particulars	***Process I***	***Process II***	***Process III***
Raw materials (Rs.)	2250	750	300
Direct wages (Rs.)	1200	3000	900
Direct Expenses	500	5000	500
Works overhead	1890	2580	1875

Note: Other expenses Rs.1275, which is absorbed on the basis of wages.

4. Explain the Advantages and disadvantages of process costing.

5. The following expenses were incurred for the production of 1,500 units of a durable product: Materials Rs 3,50,000, Wages Rs 1,20,000, overheads Rs 80,000 normal wastage in the process

is 2% of the input and the scrap value is Rs 300 per unit. You are required to prepare process account, assuming there was no abnormal loss or gain.