SEMESTER V

COST ACCOUNTING

1. Course Description

Programme: B.Com (A&F, CAP)	Max. Hours: 75
Course Code: U24/COM/DSE/505	Hours Per Week:5
Type of Course: DSE	Max. Marks: 100
No. of Credits: 5	

2.Course Objective:

- To understand the principles of cost accounting
- Application of the methods of cost Accounting**.**

3. Course Outcomes:

On completion of the course the student will be able :

CO1: To Interpret the elements of cost and develop the ability to prepare Cost Sheet.
CO2: To Compute the various methods of pricing of materials.
CO3: To Develop knowledge to compute labour cost, remuneration and incentives, overhead absorption rates.
CO4: To Use specific order costing procedures.
CO5: To Recall costing procedure associated with Manufacturing processes and apply it to preparation of Process accounts and treatment of Process losses.

4. Course Content

MODULE I: INTRODUCTION TO COST ACCOUNTING: (15Hrs)
Objectives and scope of Cost Accounting- Cost Centre and Cost units – Essentials of a Costing system - Cost Accounting versus Financial Accounting, Elements of Cost - Cost classification -statement of cost (Problems) -Profit measurement.

MODULE II: MATERIAL COST ASCERTAINMENT (15Hrs)

Material Cost -Purchase Procedure -Problems on purchase cost of material -Methods of valuing material -FIFO & Weighted average Cost (Problems). Inventory control - Techniques of fixing of minimum, maximum and reorder levels, Economic Order Quantity (Problems), ABC & VED classification; Material turnover Ratios. (Problems)

MODULE III: LABOUR COST & OVERHEADS (15Hrs)

Labour Cost computation – Concepts of Labour Turnover, Overtime, Idle time -Remuneration systems and incentive schemes - Halsey, Rowan, Taylor & Merrick (Problems)
Overheads – Classification - Criteria for choosing suitable basis for apportionment of Overheads Primary distribution and secondary distribution (Problems) – Machine hour rate (Problems)

MODULE IV COSTING SYSTEMS (15Hrs)
Job Costing -Job cost cards - Collecting direct costs of each job (Problems) Batch Costing (Theory) Contract Costing -Contract accounts, Accounting for material, Accounting for plant used in a contract, Contract profit (Problems).

MODULE V PROCESS COSTING (15Hrs)
Features of Process costing –-Process loss- Concept of Normal losses, abnormal losses, abnormal gains problems on abnormal gains and losses, Concept of Equivalent units, Inter- process profit, Joint products and by products. (Theory)

5. References:

1. Cost accounting principles and practice- S.P. Jain& K.L. Narang, Kalyani Publishers
2. Advanced cost accounting- S.P. Jain&K.L. Narang, Kalyani Publishers
3. Advanced Cost and Management accounting- Saxena &Vashist, Sultan Chand
4. Tulsian Cost Accounting Tulsian S. Chand Publishers
5. Horngren Cost Accounting Pearson Publishers

Latest Edition to be used.

6. Model Question paper pattern – End Semester examination

COST ACCOUNTING

Course Code: U24/COM/DSE/505 **Max Marks: 60**

Credits:5 **Time:2Hrs**

SECTION - A

I. Answer the following **5 x 10 = 50 M**

1. Describe Cost Accounting. Explain the features of an ideal costing system.

OR

2. Show a cost sheet from the information given below:

Particulars	Amount (Rs)
Opening stock of raw material	25000
Purchase of raw material	85000
Closing stock of raw material	40000
Carriage inwards	5000
Direct wages	90000
Indirect wages	10000
Factory rent and rates	5000
Office rent and rates	500
Depreciation of Plant & Machinery	1500
Depreciation of Office furniture	100
Indirect material	500
Office salaries	2500
Salesman salaries	2000
Factory expenses	5700
Office expenses	900
Managers remuneration	12000
Bad debts	1000
Advertisement expenses	2000
Travelling Expenses	1100
Carriage outwards	1000
Sales	250000

The Managers remuneration is to be allocated as 4000/-to factory,2000/- to the office and 6000/- to selling operations.

3. Build a stores ledger card using the Weighted Average Method of Pricing

Date	Particulars
1/11/ 2023	Opening balance 2000 units @ Rs.5.00 each
3/11/ 2023	Issued 1500 units to production
4/11/ 2023	Received 4500 units @Rs6 each
8/11/ 2023	Issued 1600 units
9/11/ 2023	Returned to stores 100 units by production department (previously issued on Nov 3)
16/11/2023	Received 2400 units@ Rs 6.50 each
19/11/2023	Returned to supplier 200 units out of the quantity received on Nov. 4
20/11/2023	Received 1000 units @ Rs.7.00 each
24/11/2023	Issued to production 2100 units
27/11/2023	Received 1200 units @Rs.7.50 units
29/11/2023	Issued to production 2800 units

OR

4. A consignment consisting of 4 grades of material was purchased for 2,40,00. The storekeeper sorted them out and recorded the following:
Grade-A 4000 units, Grade-B 8000 units, Grade -C10000 units, Grade D 12000 units.
The total sales of Grade-A amounted to 32000/-(rate of profit being 331/3% of the cost),and those of Grade-B were sold at a price 11/2 times that of grade-A(the rate of profit being 331/3%of sales), similarly the Grade-C material was sold at 1,00,000, yielding a profit of 20% on sales. What would be the purchase price of each grade based on the above information.

5. From the following particulars generate the earnings of Mr. Q worker under (a) Straight piece rate system, (b) Differential Piece rate system,(c) Halsey Plan (d) Rowan Plan

Number of working hours per week - 50 normal time per piece: 20 minutes
Wages per hour Rs 4.75 Normal output per week 120 pieces
Rate per piece Rs 1.60 Actual output per week 160 pieces
Differentials to be applied:

a. 80% of piece rate below standard b. 120% of piece rate at or above standard

OR

6. From the following information given for 3 production Depts and 2 service depts for the year 2018, the Departmental Distribution summary is given below**:**
Production Depts: P1- Rs 1000, P2-Rs 2500 and P3- Rs1800
Service Depts: S1- Rs 630, S2- Rs 510
The expenses of the service depts are to be charged on a percentage basis as given below:

	Production Depts			**Service Depts**	
	P1	**P2**	**P3**	**S1**	**S2**
S1	30%	40%	20%	--	10%
S2	10%	20%	50%	20%	--

Prepare a Secondary Distribution Table using Simultaneous Equations.

7. The following direct costs were incurred on Job No.915 of HTV Company.

Materials -Rs.4000, Wages: Dept X- 80 hours @ Rs.4 per hour Dept Y- 70 hours @ Rs.3 per hour, Dept Z- 50 hours @ Rs.5 per hour, Overhead expenses for these 3 departments were estimated as follows: Variable overheads: Dept A Rs.8000 for 8000 labor hours Dept B Rs.4000 for 2000 labor hours Dept C Rs.2000 for 1000 labor hours Fixed overheads: Estimated at Rs.9000 for 9,000 normal working hours.

What is the cost of Job 615 and the price to get a profit of 20% on the selling price.

OR

8. A transport service company runs 5 buses between two towns which are 50 km apart. The seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for April 2019.

Particulars	**Rs**
Wages of Drivers, conductors, and cleaners	24000
Salaries of office Staff	10000
Diesel Oil	35000
Repairs and Maintenance	8000
Taxation, insurance, etc	16000
Depreciation	26000
Interest and other expenses	20000
	139000

Passengers carried were 75% of the seating capacity. All buses run on all days of the month. Each bus made one round trip per day. Calculate the cost per passenger- km. Passengers carried were 75% of the seating capacity. All buses run on all days of the month. Each bus made one round trip per day. What is the cost per passenger- km.

9. JK Ltd produces a product 'AZE' which passes through 2 distinct processes. The following information is available from the cost records.

Particulars	**Process I Rs**	**Process II Rs**
Materials consumed	192000	96020
Direct Wages	224000	128000
Manufacturing expenses	140000	60000
Normal wastage of input	10%	10%
Scrap value of normal wastage (per unit)	9.90	8.60
Output in Units	22000	20000

25000 units at a cost of Rs.2,00,000 were introduced in Process I. How would you prepare process accounts, normal loss account, and abnormal wastage account from the above information**.**

OR

10. A firm of building contractors began to trade on 1-01-23. Following was the expenditure on a contract for Rs 600000/-.

Particulars	**Amount**	**Particulars**	**Amount**
Materials issued from stores	1,50,000	Site expenses paid	22,000
Materials purchased	40,000	Establishment expenses	10,000
Plant installed at site	70,000	Direct expenses O/S	3,000
Wages paid	2,40,000	Wages O/S	4,000

Of the materials and plant charged to contract, plant which cost 5000/-and materials costing 4000/- were lost. Some parts of the materials costing 2500/-were sold at a profit of 500/-.On Dec 31, plant costing 2000/-was returned to stores, and plant costing 3000/- was transferred to some other contract. The work certified was 4,80,000 and 80% of the same was received in cash. The cost of work uncertified was 3000/-.Charge depreciation on the plant at 10% p.a. How will you prepare Contract a/c and contractee's a/c, and extract the balance sheet.

SECTION - B

II) Answer any five of the following: 2 × 5= 10 M

11. Explain Objectives of Cost accounting.
12. Describe Cost Centre and cost Unit
13. What do you understand by ABC Analysis
14. Elaborate the Classification of overheads.
15. Identify the Personal causes of Labour Turnover.
16. Describe the concept of Normal Loss and abnormal loss
17. Compile 3 differences between direct and indirect labour