

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086
(For candidates admitted during the academic year 2019-20 and thereafter)
COURSE CODE: 19AF/MC/CC23

B.Com. DEGREE EXAMINATION – APRIL 2023
ACCOUNTING & FINANCE
SECOND SEMESTER

COURSE : MAJOR CORE
COURSE TITLE : COST CONCEPTS & METHODS
TIME : 3 HOURS

MAX. MARKS: 100

SECTION - A

Answer ALL the questions:

(10 x 2 = 20)

1. What is cost accounting?
2. Write a short note on LIFO.
3. What do you mean by overhead cost?
4. What is abnormal loss?
5. Define Activity Based Costing.
6. Calculate factory cost from the following details:
Direct materials Rs. 10,000; Direct labour Rs. 4,000; Direct Expenses Rs. 500; Factory expenses Rs. 1,500; Administrative expenses Rs. 1,000 and Selling expenses Rs. 300 and Sales Rs. 20,000.
7. From the following figures, calculate Economic Order Quantity:
Annual consumption of materials 4,000 units; Cost of buying per order Rs. 5; Cost per unit Rs. 2; storage and carrying cost 8% on inventory value.
8. The following information relates to a production department of a factory:
Production overhead Rs. 40,000; Machine hours 10,000 hours.
Calculate the machine hour rate.
9. The cost of production of 40 units consisting of materials Rs. 1,500. Labour Rs. 1,300 and Overhead Rs. 164. The normal waste is 5% of input.
Show the process account.
10. Calculate the passenger kilometers covered by a fleet of 4 taxis run, by CNN travels from Hyderabad to Secunderabad 45 kilometers and back 4 trips each day with 5 passengers on an average on each vehicle, for the month of April 2022.

SECTION – B

Answer any FIVE questions:

(5 x 8 = 40)

11. From the following particulars of Z Ltd. Prepare a statement showing a) cost of materials used; b) works cost; c) total cost; d) percentage of work expenses to productive wages.
Stock of materials on 1.1.22 Rs. 20,000; Stock of finished goods on 1.1.22 Rs. 51,000; Purchase of raw materials Rs. 5,80,000; Productive wages Rs. 3,90,000; Sales of finished goods Rs. 12,10,000; Stock of raw materials on 31.12.22 Rs. 25,000; works overhead charges Rs. 86,000; Office and general expenses Rs. 70,000 and stock of finished goods on 31.12.22 Rs. 50,000.

12. Calculate the earnings of a worker under the following methods:
 a) Time rate method; b) Piece rate method; c) Halsey plan; d) Rowan plan.
 Standard time 30 hours; Time taken 20 hours; Hourly rate of wages Re. 1 per hour plus a dearness allowance at 50 paise per hour worked.
13. Calculate Machine hour rate from the following:
 Cost of machine Rs. 19,200; Estimated scrap value Rs. 1,200;
 Repair charges per month Rs. 150; Standing charges allocation to machine per month Rs. 50;
 Effective working life of machine 10,000 hours; Running time per month 166 hours;
 Power used by machine = 5 units per hour at 19 paise per unit.
14. In manufacturing the main product Z, a company processes the resulting waste material into two by product X and Y. During one period of production the following data was compiled:

Particulars	Main product Z	By product X	By product Y
Sales	8,00,000	64,000	96,000
Cost before separation	3,10,400	---	---
Cost after separation	80,000	12,800	14,400
Estimated net profit percentage to sale value	---	20%	30%
Estimated selling expenses as % of sales value	20%	10%	15%

There are no beginning or ending inventories. Prepare an income statement concerning the period described using reversal cost method of by products.

15. From the following data calculate the cost per mile of a vehicle:
 Value of a vehicle Rs. 15,000; Road licence for the year Rs. 500;
 Insurance charges per year Rs. 100; garage rent per year Rs. 600;
 Driver's wages per month Rs. 200; Cost of fuel per litre Rs. 0.80;
 Miles per litre 8 miles; Tyre and maintenance per mile Rs. 0.20;
 Estimated life 1,50,000 miles; Estimated annual mileage 6,000 miles.
16. Ashok kumar undertook a contract for the construction of houses on 1st January 2018. The contract price was Rs. 22,50,000.
 The following figures are available for 2018:
 Materials purchased Rs. 3,60,000;
 Materials issued from stores Rs. 45,000;
 Labour Rs. 1,35,000;
 Plant installed at site Rs. 1,80,000;
 Direct expenses Rs. 90,000;
 Establishment charges Rs. 22,500;
 Materials returned to stores Rs. 22,500;
 Materials on hand at the end Rs. 9,000;
 Plant in hand at the end Rs. 1,35,000;
 Wages outstanding Rs. 36,000;
 Direct expenses outstanding Rs. 27,000;
 Work certified Rs. 95,400;
 Cash received (80% of work certified) Rs. 9,00,000.
 Prepare the contract account.

17. From the following calculate a) Re-order level; b) Minimum stock level; c) Maximum stock level; d) Average stock level.

Minimum consumption 240 units per day;
 Maximum consumption 420 units per day;
 Normal consumption 300 units per day;
 Reorder quantity 3,600 units;
 Reorder period 10 to 15 days;
 Normal reorder period 12 days.

SECTION – C

Answer any TWO questions:

(2 x 20 = 40)

18. The following data relating to a factory for the year 2019 are available:

Materials consumed Rs. 2,00,000;
 Direct wages Rs. 1,50,000;
 Factory expenses Rs. 90,000;
 Administrative expenses Rs. 88,000.

Based on the above data, find out the cost of a job to be done in January 2020:

Materials required Rs. 20,000;
 Wages for the job Rs. 15,000.

What price will be quoted for the job, if a profit at 20% on selling price is required.

19. Show the stores ledger using Simple average method and Weighted Average Method:

Date	Particulars	Units	Price (in Rs.)
1.5.93	Balance in hand	300	2.00
2.5.93	Purchased	200	2.20
4.5.93	Issued	150	---
6.5.93	Purchased	200	2.30
11.5.93	Issued	150	---
19.5.93	Issued	200	---
22.5.93	Purchased	200	2.40
27.5.93	Issued	150	---

20. A company reapportion the cost incurred by two service centres D and E to the three production centres A, B and C.

The following are the overhead cost which have been allocated and apportioned to the five cost centres:

Dept. A = Machining Rs. 4,00,000;
 Dept. B = Finishing 2,00,000;
 Dept. C = Assembling Rs. 1,00,000;
 Dept. D = Materials handling Rs. 1,00,000;
 Dept. E = Inspection Rs., 50,000.

Estimates of the benefits received by each cost centre are as follows:

Service dept.	A	B	C	D	E
Material handling	30%	25%	35%	---	10%
Inspection	20%	30%	45%	5%	---

You are required to calculate the charge for overhead to each of the three production cost centres, including the amounts reapportioned from the two service centres using Repeated Distribution Method.

21. A product passes through 3 processes. The following relate to the 3 processes during September 2018:

Service dept.	Total	Process A	Process B	Process C
Materials consumed (Rs.)	5,625	2,600	2,000	1,025
Labour (Rs.)	7,330	2,250	3,680	1,400
Production overheads (Rs.)	7,330	---	---	---
Output (units)	---	450	340	270
Normal loss (% of input)	---	10	20	25
Scrap value (Rs. Per unit)	---	2	4	5

500 units at Rs. 4 per unit were introduced in process A. production overheads absorbed in the ratio of labour.

Prepare the process accounts and abnormal loss and abnormal gain account.
