STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

B.COM. DEGREE EXAMINATION, APRIL 2024
BANKING, FINANCE AND ENTREPRENEURSHIP
SECOND SEMESTER

COURSE : MAJOR CORE
PAPER : COST MANAGEMENT
SUBJECT CODE : 23BF /MC/CM24
TIME : 3 HOURS MAX. MARKS: 100

Q. No.	SECTION A **Answer all questions:** **Theory: Not Exceeding 50 words (5 x 2 =10)**	CO	KL
1	Ascertain the cost of Job No.305 Prime cost Rs. 8,000 Factory overhead 10% of prime cost Administration overhead 20% of works cost.	1	1
2	Define Cost.	1	1
3	Calculate raw materials consumed Raw materials purchased Rs.80,000 Sale of material scrap Rs.1,000 Opening stock of raw materials Rs.12,000 Closing stock of raw materials Rs.21,000	1	1
4	What is throughput accounting?	1	1
5	In a certain factory during a month production department has incurred the following costs: Direct material Rs.10,000, Production overheads Rs.2,500. Calculate the direct material percentage of overheads.	1	1
Q.No	**SECTION B** **Answer any 4 questions: (4 x 5 = 20)** **Theory: Not Exceeding 150 words**	**CO**	**KL**
6	Differentiate between process costing and job costing.	2	2
7	The factory of a large manufacturing company has several departments. Indicate the basis you would adopt for apportionment of the following overhead expenses to various departments. Indirect material Indirect wages Depreciation Electricity Lighting and heating	2	2
8	From the following particulars, prepare the stores ledger under Last in First Out method.	2	2

Dec	Particulars	Units and Amount
1	Stock in hand	500 units at Rs.20
2	Issued	200 units
3	Purchased	150 units at Rs.22
4	Issued	100 Units
5	Purchased	200 units at Rs.25

…2

<table>
<tr><td>9</td><td>Calculate the normal and overtime wages payable to a workman from the following data:
<table><tr><th>DAYS</th><th>HOURS WORKED</th></tr><tr><td>Monday</td><td>8</td></tr><tr><td>Tuesday</td><td>10</td></tr><tr><td>Wednesday</td><td>9</td></tr><tr><td>Thursday</td><td>11</td></tr><tr><td>Friday</td><td>9</td></tr><tr><td>Saturday</td><td>4</td></tr></table>Normal working hours-8 hours per day
Normal rate :Rs.2 per day
Overtime rate : Double the usual rate</td><td>2</td><td>2</td></tr>
<tr><td>10</td><td>You are required to prepare process ‘X’ account from the following details:
<table><tr><td></td><td>Rs.</td></tr><tr><td>Raw material
Wages
Direct expenses</td><td>20,000
10,000
5,000</td></tr></table>Overheads are to be taken at 100% of wages.</td><td>2</td><td>2</td></tr>
<tr><td>11</td><td>In a factory 20,000 units of product “A” were manufactured in the month of July 2021. From the following figures obtained from the costing records, prepare a cost sheet showing cost per unit:
<table><tr><th>Particulars</th><th>Rs</th></tr><tr><td>Opening stock of raw material</td><td>5,000</td></tr><tr><td>Purchases</td><td>55,000</td></tr><tr><td>Closing stock of raw material</td><td>10,000</td></tr><tr><td>Direct wages</td><td>25,000</td></tr><tr><td>Factory overheads</td><td>40,000</td></tr><tr><td>Office and administration overheads</td><td>20,000</td></tr></table></td><td>2</td><td>2</td></tr>
<tr><td>Q. No.</td><td>SECTION C (4 x 10 = 40)
Answer the following questions</td><td>CO</td><td>KL</td></tr>
<tr><td>12 a.</td><td>Y Ltd. Has four departments, A, B and C are production departments. D is a service department. The actual costs for a period are as follows
Rent - Rs.4,000, Repairs - Rs.2,400, Depreciation - Rs.1,350, Lighting - Rs. 300, Insurance of stock - Rs.1,500, Supervision - Rs.4,500, Power - Rs. 2,700

The following data are also available in respect of the four departments.</td><td>3</td><td>3</td></tr>
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			Dept. A	Dept. B	Dept. C	Dept. D	
		Area (Sq. ft)	300	220	180	100	
		No. of workers	36	24	18	12	
		Value of plant (Rs.)	24,000	18,000	12,000	6,000	
		Value of stock (Rs.)	15,000	9,000	6,000	-	
	Apportion the costs to the various departments on the most equitable method.						
	(Or)						
12 b.	Bulls & Bears Ltd., has three Production Departments A, B and C in its factory. They are served by two Service Departments – D and E. D is purchasing department and E is Timekeeping Department. The following are the departmental overheads after primary distribution is completed: A – Rs. 22,650; B – Rs. 21,600; C- Rs. 28,950; D – Rs. 13,875 & E – Rs. 4,725. The following additional details are available:						**3** **3**
			A	B	C		
		No. of employees	75	30	45		
		Materials purchased Rs.	10000	8000	7000		
	Prepare a secondary overhead distribution summary, showing the total overhead of the production departments.						
13 a.	Two components X and Y are used as follows: Normal usage: 4,500 units per week each Minimum usage: 2,250 units per week each Maximum usage: 6,750 units per week each Reorder quantity X--19,500 units Y—21,000 units Reorder period: X--3 to 5 weeks Y--2 to 4 weeks Calculate for each of the components: (a) Reorder level (b) Minimum level (c) Maximum level						**3** **3**
	(Or)						
13 b.	Calculate a) EOQ b) maximum level c) minimum level d) reordering level From the following data: Reorder period- 4 to 6 weeks Maximum consumption- 100 units per week Minimum consumption- 50 units per week Normal consumption- 75 units per week Annual consumption- 36,000 units Cost per unit- Re.1 Ordering cost- Rs.25 Inventory carrying cost is 20% of unit value						**3** **3**

14 a. The following data are from the costing records of Samarth Industries Ltd. in respect of Job No. 76: **4** **4**

Materials Consumed Rs.6,000
Wages : Cutting Department 20 Hours at Rs. 40 per hour
Shearing Department 10 Hours at Rs. 40 per hour
Boring Department 5 Hours at Rs. 60 per hour

Variable overheads for the respective departments are estimated as follows:
Cutting Department Rs.40,000 for 2,000 Direct Labour Hours
Shearing Department Rs.20,000 for 2,500 Direct Labour Hours
Boring Department Rs.10,000 for 400 Direct Labour Hours
Fixed overheads are estimated at Rs. 1,00,000 for 20,000 normal working hours.

You are required to ascertain the cost of Job No.76 and calculate the price to be charged so as to give a profit of 20% on cost.

(Or)

14 b. Product V requires three distinct processes and after the third process the product is transferred to the finished stock. You are required to prepare process accounts from the following information. **4** **4**

	Process I	**Process II**	**Process III**
Direct material	8,000	1,200	800
Direct labour	3,200	3,200	1,800
Direct expenses	600	600	-

The total production overheads was Rs. 12,000 and it must be allocated to different processes on the basis of 150% of direct wages. Production during the period was 400 units but there is no opening and closing stock.

15 a. Prepare a statement showing cost and profit from the following details showing (a) prime cost (b) works cost (c) cost of production and (d) cost of sales and (e) profit **4** **4**

Direct wages	1,50,000	Direct material	5,00,000
Power	2,500	Oil and water	2,500
Store keeper wages	5,000	Transfer to general reserve	5,000
Factory rent	25,000	Foreman salary	12,500
Office rent	12,500	Factory lighting	7,500
Repair factory	17,500	Office lighting	2,500
Repair office	2,500	Depreciation-factory plant	2,500
Goodwill written off	2,500	Depreciation – office building	6,250
Consumable stores	12,500	Managers salary	25,000
Directors fees	6,250	Office stationery	2,500
Telephone rent	625	postage	1,250
Salesman salary	6,250	Travelling expense	2,500
Advertisement	6,250	Warehouse rent	2,500
Income tax	50,000	Dividend paid	10,000
Sales	9,47,500		

(Or)

15 b. The following details relating to a factory are available for the month of March 2022. **4** **4**

Particulars	**Rs**	**Particulars**	**Rs**
Materials used:		Labour used:	
In Manufacturing	80000	For Production	25000
In Primary Packing	20000	For factory supervision	5000
In Factory	2000	Office salaries	6000
In office	4000	Salesman's salaries	8000
In Selling	5000	Expenses:	
In Secondary packing	6000	Direct	2000
Depreciation:		Factory	6000
Factory	4000	Office	4000
Office	3000	Selling	5000
Distribution vans	2000	Distribution	2000

It is customary to fix the selling price by adding 20% to the total cost. Prepare a Cost Sheet, showing the profit for the month.

Q. No.	**SECTION D** **(2 x 15 = 30)**	**CO**	**KL**
	Answer any 2 questions		

16 The following transaction are recorded in respect in respect of materials used in a factory during April 2022 **5** **5**

April	**Particulars**	**Amount & Units**
1	Opening balance	500 tonnes at Rs.25
2	Issue	70 tonnes
4	Issue	100 tonnes
7	Issue	80 tonnes
12	Received from vendor	200 tonnes at Rs.26
14	Refund of surplus from a work order	15 tonnes at Rs.25
16	Issue 180 tonnes	
20	Received from vendor	240 tonnes at Rs.25
24	Issue	300 tonnes
25	Received from vendor	320 tonnes at Rs.28
26	Issue	112 tonnes
27	Refund of surplus from a work order	12 tonnes at Rs.27
28	Received from vendor	100 tonnes at Rs.29

Issues are to be priced on the principle of FIFO. The stock verified noted that on 15th he had found a shortage of 5 tonnes and on 27th another shortage of 8 tonnes. Write the stores ledger account.

17 The following are the extracts from costing books of Vignesh oil manufacturing company, in which three processes are used. **5** **5**

	Crushing (Rs.)	Refining (Rs.)	Finishing (Rs.)
Labour	20000	15000	10000
Power	5000	3000	1000
Steam	2000	1000	500
Sundry materials	4000	2000	1000
Factory expenses	6000	5000	3000

Casks (drums) costing Rs.20000

	Quintals
Crude oil purchased	400
Refined oil produced	300
Finished oil produced	280

Coconut sacks sold for Rs.10000; Copra residue 170 quintals sold for Rs.5000. By- products of refining process being 75 quintals sold for Rs.400

Prepare crushing, refining and finishing process accounts.

18 In an Engineering factory the following particulars have been extracted for the year ended 31.12.2022.Compute the departmental overhead rates for each of the production departments assuming that overheads as a percentage of direct wages. **5** **5**

	Production Dept.			Service Dept.	
Particulars	A	B	C	X	Y
Direct wages(Rs.)	30,000	45,000	60,000	15,000	30,000
Direct material(Rs.)	15,000	30,000	30,000	22,000	22,500
Staff(Nos.)	1,500	2,250	2,250	750	750
Electricity(kwh)	6,000	4,500	3,000	1,500	1,500
Light Points(Nos.)	10	16	4	6	4
Asset Value (Rs.)	60,000	40,000	30,000	10,000	10,000
Area occupied(Sq.m)	150	250	50	50	50

The expenses for the periods were:

	Rs.		Rs.
Depreciation	30,000	Power	1,100
Rents & Taxes	550	Lightning	200
Repairs	6,000	Stores overhead	800
General O.H	12,000	Welfare to staffs	3,000

Apportion the expenses of Service Dept.Y according to direct wages and those of Service Dept.X in the ratio of 5:3:2 to the production department.

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