

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

**B.COM. DEGREE EXAMINATION, APRIL 2024**  
**COMMERCE**  
**SECOND SEMESTER**

**COURSE** : **MAJOR CORE**  
**PAPER** : **COST ACCOUNTING**  
**SUBJECT CODE** : **23CM /MC/ CT24**  
**TIME** : **3 HOURS**

**MAX. MARKS: 100**

<b>SECTION A</b>		<b>(5 x 2 = 10)</b>	
<b>Q. No.</b>	<b>Answer all the questions:</b>	<b>CO</b>	<b>KL</b>
1.	State any two objectives of Cost accounting.	1	K1
2.	Mention the significance of computing EOQ.	1	K1
3.	What is overtime wages?	1	K1
4.	Write any two differences between apportionment and allocation of overheads.	1	K1
5.	What is activity- based costing?	1	K1
<b>SECTION B</b>		<b>(5 x 2 = 10)</b>	
<b>Q. No.</b>	<b>Answer all the questions:</b>	<b>CO</b>	<b>KL</b>
6.	Ascertain the profit and for the year 2020, when cost of sales is ₹ 3,00,000 and profit is 20% of sales.	2	K2
7.	Compute EOQ, when the consumption of material per annum is ₹8,000, ordering cost per order is ₹ 25 and storage and carrying cost per annum is 10% of inventory value.	2	K2
8.	Calculate the labour turnover under replacement method, when the number of employees replaced during 2019: 1,000, employees on 1/1/2019: 7,000 and employees on 31/12/2019: 9,000.	2	K2
9.	Compute the overhead absorption rate as per prime cost method, when direct materials is ₹ 75,000, direct labour is ₹ 30,000 and the works overhead is ₹ 15,000.	2	K2
10.	Find out Abnormal Loss/ Gain units and mention it's treatment in process account, when input is 5,000 units, normal loss is 20% and the output is 4,300 units.	2	K2
<b>SECTION C</b>		<b>(2 x 10 = 20)</b>	
<b>Q. No.</b>	<b>Answer any two questions:</b>	<b>CO</b>	<b>KL</b>
11.	From the following information calculate the earnings of the worker for a week under: (a) Straight piece rate, (b) Differential piece rate, (c) Halsey plan and (d) Rowan plan, when Number of working hours per week is 48, Wages per hour - ₹ 375, Normal time per piece- 20 minutes, Rate per piece- ₹ 150 and actual output is 150 units. Differential piece rate: 80% of piece rate when output is below standard and 120% when above standard.	3	K3

12	<p>From the following information, calculate:</p> <p>a) Maximum stock level b) Minimum stock level c) Reorder level d) Average stock level</p> <p>Minimum consumption – 240 units per day, maximum consumption – 420 units per day, normal consumption – 300 units per day, reorder quantity – 3600 units, reorder period – 10-15 days and normal reorder period – 12 days.</p>	3	K3																																							
13.	<p>Calculate machine hour rate from the following:</p> <table border="1"> <tr> <td>Cost of machine</td> <td>₹ 19,200</td> </tr> <tr> <td>Estimated scrap value</td> <td>₹ 1,200</td> </tr> <tr> <td>Repair charges per month</td> <td>₹ 150</td> </tr> <tr> <td>Standing charges allocation to machine per month</td> <td>₹ 50</td> </tr> <tr> <td>Effective working life of machine</td> <td>10,000 hours</td> </tr> <tr> <td>Running time per month</td> <td>166 hours</td> </tr> <tr> <td>Power used by machine</td> <td>5 units per hour at 19 paise per unit</td> </tr> </table>	Cost of machine	₹ 19,200	Estimated scrap value	₹ 1,200	Repair charges per month	₹ 150	Standing charges allocation to machine per month	₹ 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	3	K3																									
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14.	<p>A factory has three service departments, L, M and N and two production departments- X and Y. The following are the expenses allocated and apportioned to the departments as per primary distribution summary.</p> <table border="1"> <tr> <td>L</td> <td>M</td> <td>N</td> <td>X</td> <td>Y</td> </tr> <tr> <td>₹ 10,000</td> <td>₹ 8,000</td> <td>₹ 12,000</td> <td>₹ 30,000</td> <td>₹ 40,000</td> </tr> </table> <p>The following additional information is also available on the basis of a detailed analysis made.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Service departments</th> <th colspan="2">Production departments</th> </tr> <tr> <th>L</th> <th>M</th> <th>N</th> <th>X</th> <th>Y</th> </tr> </thead> <tbody> <tr> <td>L's service used</td> <td>-</td> <td>20%</td> <td>30%</td> <td>30%</td> <td>20%</td> </tr> <tr> <td>M's service used</td> <td>-</td> <td>-</td> <td>40%</td> <td>30%</td> <td>30%</td> </tr> <tr> <td>N's service used</td> <td>-</td> <td>-</td> <td>-</td> <td>60%</td> <td>40%</td> </tr> </tbody> </table> <p>Prepare a statement showing apportionment of service department overheads under the step ladder method.</p>	L	M	N	X	Y	₹ 10,000	₹ 8,000	₹ 12,000	₹ 30,000	₹ 40,000		Service departments			Production departments		L	M	N	X	Y	L's service used	-	20%	30%	30%	20%	M's service used	-	-	40%	30%	30%	N's service used	-	-	-	60%	40%	4	K4
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15.	<p>Shriman operates a taxi, compute cost per running kilometre from the following details:</p> <table border="1" data-bbox="300 253 1294 745"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Purchase price of taxi</td> <td>50,000</td> </tr> <tr> <td>Insurance per annum</td> <td>1,000</td> </tr> <tr> <td>Rent of garage per month</td> <td>100</td> </tr> <tr> <td>Tyres &amp; Tubes per set (A Set lasts 16,000 kms.)</td> <td>4,000</td> </tr> <tr> <td>Driver's wage per day of 8 hours (Average distance per day 160 kms)</td> <td>32</td> </tr> <tr> <td>Fuel cost per gallon (A gallon lasts 24 km)</td> <td>12</td> </tr> <tr> <td>Repairs per annum</td> <td>1,200</td> </tr> <tr> <td>Stand and police payments per annum</td> <td>2,600</td> </tr> <tr> <td>Interest on bank loan for the taxi per annum</td> <td>4,000</td> </tr> <tr> <td>Kms run per annum</td> <td>20,000</td> </tr> <tr> <td>Life of the taxi (in Km)</td> <td>1,00,000</td> </tr> </tbody> </table>	Particulars	₹	Purchase price of taxi	50,000	Insurance per annum	1,000	Rent of garage per month	100	Tyres & Tubes per set (A Set lasts 16,000 kms.)	4,000	Driver's wage per day of 8 hours (Average distance per day 160 kms)	32	Fuel cost per gallon (A gallon lasts 24 km)	12	Repairs per annum	1,200	Stand and police payments per annum	2,600	Interest on bank loan for the taxi per annum	4,000	Kms run per annum	20,000	Life of the taxi (in Km)	1,00,000	4	K4
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16.	<p>The following details are available in respect of processes A&amp;B for May 2020.</p> <table border="1" data-bbox="300 790 1294 947"> <thead> <tr> <th>Particulars</th> <th>Process A (₹)</th> <th>Process B (₹)</th> </tr> </thead> <tbody> <tr> <td>Materials consumed</td> <td>50,000</td> <td>10,000</td> </tr> <tr> <td>Wages</td> <td>20,000</td> <td>30,000</td> </tr> <tr> <td>Overheads</td> <td>10,000</td> <td>10,000</td> </tr> </tbody> </table> <p>Process A transfers its output to process B at a profit of 20% on transfer price and Process B transfers its product to finished stock at 20% on cost. The finished goods are sold for ₹ 2,00,000. Prepare the process accounts, finished stock account and profit and loss account showing the total profit for the month, assuming the sundry expenses were ₹ 20,000, which were not apportioned to the processes.</p>	Particulars	Process A (₹)	Process B (₹)	Materials consumed	50,000	10,000	Wages	20,000	30,000	Overheads	10,000	10,000	4	K4												
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17.	<p><b>Answer any two questions: (2 x 20 = 40)</b></p> <p>Prepare cost sheet for the year 2021 from the following showing the cost and cost per unit. Number of units produced 2,000.</p> <table border="1" data-bbox="300 1319 1294 1776"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Opening stock of raw materials</td> <td>10,000</td> </tr> <tr> <td>Purchases</td> <td>1,80,000</td> </tr> <tr> <td>Direct wages</td> <td>56,000</td> </tr> <tr> <td>Indirect wages</td> <td>48,000</td> </tr> <tr> <td>Closing stock of raw materials</td> <td>12,000</td> </tr> <tr> <td>Work in progress on 01.01.2021</td> <td>5,000</td> </tr> <tr> <td>Work in progress on 31.12.2021</td> <td>6,000</td> </tr> <tr> <td>Factory over heads</td> <td>26,000</td> </tr> <tr> <td>Office overheads</td> <td>45,000</td> </tr> <tr> <td>Selling overheads</td> <td>16,000</td> </tr> <tr> <td>Opening stock of finished goods (100 units)</td> <td>20,000</td> </tr> </tbody> </table> <p>Closing stock of finished goods 120 units. Profit 10% on sales.  During the year 2022, it is decided to increase the production to 2,400 units. It is anticipated that:</p> <ol style="list-style-type: none"> <li>Material price will increase by 10%</li> <li>Wages will reduce by 20%</li> <li>Other expenses will remain constant per unit.</li> <li>Expected profit 20% on sales.</li> </ol> <p>Ascertain selling price to be fixed per unit.</p>	Particulars	₹	Opening stock of raw materials	10,000	Purchases	1,80,000	Direct wages	56,000	Indirect wages	48,000	Closing stock of raw materials	12,000	Work in progress on 01.01.2021	5,000	Work in progress on 31.12.2021	6,000	Factory over heads	26,000	Office overheads	45,000	Selling overheads	16,000	Opening stock of finished goods (100 units)	20,000	5	K5
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18.	<p>From the following information prepare stores ledger using FIFO method.</p> <table border="1" data-bbox="300 219 1264 748"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Quantity and Amount</th> </tr> </thead> <tbody> <tr> <td>Jan 01</td> <td>Opening balance</td> <td>100 units @ ₹ 5 each</td> </tr> <tr> <td>Jan 05</td> <td>Received</td> <td>500 units @ ₹ 6 each</td> </tr> <tr> <td>Jan 20</td> <td>Issued</td> <td>300 units</td> </tr> <tr> <td>Feb 05</td> <td>Issued</td> <td>200 units</td> </tr> <tr> <td>Feb 06</td> <td>Received back from work order issued on 5<sup>th</sup> February</td> <td>10 units</td> </tr> <tr> <td>Feb 07</td> <td>Received</td> <td>600 units @ ₹ 5 each</td> </tr> <tr> <td>Feb 20</td> <td>Issued</td> <td>300 units</td> </tr> <tr> <td>Feb 25</td> <td>Returned to supplier</td> <td>50 units purchased on 7<sup>th</sup> February</td> </tr> <tr> <td>Feb 26</td> <td>Issued</td> <td>200 units</td> </tr> <tr> <td>March 10</td> <td>Received</td> <td>500 units @ ₹ 7 per unit</td> </tr> <tr> <td>March 15</td> <td>Issued</td> <td>300 units</td> </tr> </tbody> </table> <p>Stock verification on 15<sup>th</sup> March revealed a shortage of 10 units.</p>	Date	Particulars	Quantity and Amount	Jan 01	Opening balance	100 units @ ₹ 5 each	Jan 05	Received	500 units @ ₹ 6 each	Jan 20	Issued	300 units	Feb 05	Issued	200 units	Feb 06	Received back from work order issued on 5 <sup>th</sup> February	10 units	Feb 07	Received	600 units @ ₹ 5 each	Feb 20	Issued	300 units	Feb 25	Returned to supplier	50 units purchased on 7 <sup>th</sup> February	Feb 26	Issued	200 units	March 10	Received	500 units @ ₹ 7 per unit	March 15	Issued	300 units	5	K5										
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19.	<p>Compute the overheads allocable to production departments A and B. There are also two service departments X and Y. X renders service worth ₹ 12,000 to Y and the balance to A and B as 3:2. Y renders service to A and B as 9:1.</p> <table border="1" data-bbox="344 940 1264 1173"> <thead> <tr> <th>Particulars</th> <th>A</th> <th>B</th> <th>X</th> <th>Y</th> </tr> </thead> <tbody> <tr> <td>Floor space (Sq. ft)</td> <td>5,000</td> <td>4,000</td> <td>1,000</td> <td>2,000</td> </tr> <tr> <td>Assets (₹)</td> <td>10,00,000</td> <td>5,00,000</td> <td>3,00,000</td> <td>1,00,000</td> </tr> <tr> <td>H.P of machines</td> <td>1,000</td> <td>500</td> <td>400</td> <td>100</td> </tr> <tr> <td>No. of workers</td> <td>10</td> <td>50</td> <td>50</td> <td>25</td> </tr> <tr> <td>Light and fan points</td> <td>50</td> <td>30</td> <td>20</td> <td>20</td> </tr> </tbody> </table> <p>Expenses and charges are:</p> <table border="1" data-bbox="344 1209 1264 1361"> <thead> <tr> <th>Expenses</th> <th>₹</th> <th>Expenses</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Depreciation</td> <td>1,90,000</td> <td>Power</td> <td>20,000</td> </tr> <tr> <td>Rent, Rates &amp; Taxes</td> <td>36,000</td> <td>Canteen expenses</td> <td>10,800</td> </tr> <tr> <td>Insurance</td> <td>15,200</td> <td>Electricity</td> <td>4,800</td> </tr> </tbody> </table>	Particulars	A	B	X	Y	Floor space (Sq. ft)	5,000	4,000	1,000	2,000	Assets (₹)	10,00,000	5,00,000	3,00,000	1,00,000	H.P of machines	1,000	500	400	100	No. of workers	10	50	50	25	Light and fan points	50	30	20	20	Expenses	₹	Expenses	₹	Depreciation	1,90,000	Power	20,000	Rent, Rates & Taxes	36,000	Canteen expenses	10,800	Insurance	15,200	Electricity	4,800	5	K5
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20.	<p>A product passes through two process and then to finished stock. The normal wastage of each process is as follows: Process A – 30 % and Process B – 5%. The wastage of process A was sold @ ₹ 5 per unit and that of process B @ ₹ 10 per unit. 20,000 units were introduced into process A at the beginning of January 2017 at a cost of ₹ 40 per unit. Other expenses were as under:</p> <table border="1" data-bbox="300 1662 1295 1814"> <thead> <tr> <th>Particulars</th> <th>Process A (₹)</th> <th>Process B(₹)</th> </tr> </thead> <tbody> <tr> <td>Sundry materials</td> <td>40,000</td> <td>60,000</td> </tr> <tr> <td>Wages</td> <td>2,00,000</td> <td>3,20,000</td> </tr> <tr> <td>Manufacturing expenses</td> <td>30,000</td> <td>28,500</td> </tr> </tbody> </table> <p>The output of process A was 19,000 units and that of process B 18,200 units. Prepare the Process account, Normal Loss account, Abnormal Loss account and Abnormal Gain account.</p>	Particulars	Process A (₹)	Process B(₹)	Sundry materials	40,000	60,000	Wages	2,00,000	3,20,000	Manufacturing expenses	30,000	28,500	5	K5																																		
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