

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2011-2012 & thereafter)**

**SUBJECT CODE : 11CM/MC/CT24**

**B.Com./B.Com(CS) DEGREE EXAMINATION APRIL 2013**  
**COMMERCE**  
**CORPORATE SECRETARYSHIP**  
**SECOND SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : COST ACCOUNTING**  
**TIME : 3 HOURS**

**MAX. MARKS : 100**

**SECTION – A**

**ANSWER ALL QUESTIONS:**

**( 10 x 3 = 30 )**

1. State whether the following statements are true or false.
  - i) 'Dividend paid' is included in financial accounts and cost accounts.
  - ii) Variable overhead remains constant per unit.
  - iii) LIFO method is advantageous when prices are rising.
2. What do you mean by direct materials? Give any two examples.
3. Give a brief note on 'Cost centre', 'Profit centre' and 'Cost unit'.
4. How do you compute labour turnover under separation under separation method? Give an example.
5. Choose the correct answer:
  - i) Appropriate basis of apportionment of material handling charges is:
    - a) Material consumed
    - b) Opening stock of materials
    - c) Closing stock of materials
    - d) Materials in WIP.
  - ii) Overhead means:
    - a) The aggregate of indirect materials, indirect labour and indirect expenses
    - b) All expenses with respect to materials.
    - c) All expenses with respect to labour.
    - d) Only indirect expenses.
  - iii) \_\_\_\_\_ costs are identified and assigned properly under Activity Based Costing system.
    - a) Overhead
    - b) Direct material
    - b) Direct labour
    - d) Production
6. Compute prime cost from the following
  - Direct wages: Rs 50,000,
  - Opening stock of raw materials: Rs. 10,000
  - Closing stock of raw materials: Rs. 20,000
  - Raw materials returned to supplier: Rs. 1,500
  - Direct expenses: Rs. 5,000
  - Raw materials bought: Rs. 60,000
  - Carriage inward: Rs. 1,500
  - Carriage outward: Rs. 2,000

7. State whether the costing profit will be 'Higher' or 'Lower' than the financial profit under each circumstance.

Items of stock	Cost valuation	Financial valuation	Costing profit Higher' or 'Lower'
i) Opening stock of raw materials	Rs. 20,000	Rs. 25,000	?
ii) Opening Work in Progress	Rs. 25,000	Rs. 20,000	?
iii) Closing finished stock	Rs. 25,000	Rs. 20,000	?

8. From the following calculate EOQ.

Monthly demand: 500 units  
 Cost of placing an order: Rs. 90  
 Annual carrying cost per unit: Rs. 10  
 Normal usage per week: 40 units  
 Assume 52 weeks for the year.

9. From the following calculate the normal idle time and abnormal idle time of the worker per week.

Mr.Ragu is paid at the rate of Rs.20 per hour. His working hours constitute 48 hours over 6 days a week. Time allowed per day as approved absence for personal needs and so on is 20 minutes. His job card shows the following time spent in each job during the week .  
 Job X; 25 Hours    Job Y: 15 Hours    Job X: 3 Hours

10. From the following calculate re-order level

Maximum usage: 300 units  
 Minimum usage: 200 units  
 Re-order period: 8 – 10 days.

### SECTION – B

ANSWER ANY FIVE QUESTIONS:

( 5 x 8 = 40 )

11. Prepare a statement of cost from the following particulars:

Particulars	Amount in Rs.	Particulars	Amount in Rs.
Opening Stock:		Direct wages	1,50,000
Materials	2,00,000	Manufacturing expenses	1,00,000
Work-in-progress	60,000	Sales	8,00,000
Finished goods	5,000	Selling and distribution expenses	20,000
Closing stock:		Materials purchased	5,00,000
Materials	1,80,000		
Work-in-progress	50,000		
Finished goods	15,000		

12. The audited final accounts showed a profit of Rs. 61,000, whereas costing records showed a profit of Rs. 73,400. From the following additional information, are required to reconcile the two accounts.

**Profit and Loss Account for the year ended 31<sup>st</sup> March 2012**

Particulars	Dr. Rs.	Particulars	Cr. Rs.
To Opening stock	10,10,000	By Sales	14,20,000
To Purchases	3,50,000	By Closing stock	3,60,000
To Direct wages	1,60,000		
To Factory overheads	90,000		
To Gross Profit	1,70,000		
	17,80,000		17,80,000
To Admin expenses	40,600	By Gross Profit	1,70,000
To Selling expenses	49,000	By interest received	2,000
To Distribution expenses	22,400	By dividend received	1,000
To Net Profit	61,000		
	1,73,000		1,73,000

The cost accounts showed the following:

- i) Closing stock: Rs. 3,70,000
  - ii) Direct wages: Rs. 1,65,000
  - iii) Factory overheads: Rs. 84,000
  - iv) Administration expenses at 3% of the sale value
  - v) Selling expenses at 3% of the sale value.
13. A manufacturing company requires 1,50,000 units per year and the usage is fairly constant at 12,500 units per month. The cost per unit is Rs. 3. The carrying cost is estimated to be 20% of the average stock value. The cost of placing an order and process the delivery is Rs. 36. Calculate the following:
- i) The most economical order quantity
  - ii) Number of orders per year
  - iii) Frequency of order in days
14. Materials A and B are used as follows:
- Minimum usage: 50 units a week  
 Normal usage: 100 units a week  
 Maximum usage: 150 units a week
- Ordering quantity:   Material A: 500 units  
                               Material B: 800 units
- Re-order period:     Material A: 3 to 5 weeks  
                               Material B: 5 to 7 weeks
- You are required to calculate for each material:
- i) Maximum level
  - ii) Minimum level
  - iii) Re-order level
  - iv) Average stock level

15. A company has purchased and issued materials as follows:

<b>Date:</b>	<b>Activity:</b>	<b>Quantity and price:</b>
Jan. 1	Stock of materials	200 units at Rs. 2.50 per unit
Jan. 3	Purchased	300 units at Rs. 3 per unit
Jan. 7	Purchased	500 units at Rs. 4 per unit
Jan. 10	Issued	600 units
Jan. 12	Purchased	400 units at Rs. 4 per unit
Jan. 18	Issued	500 units
Jan. 24	Purchased	400 units at Rs. 5 per unit
Jan. 28	Issued	200 units

Prepare stores ledger under LIFO method.

16. Compute machine hour rate from the following:

Electric power per hour: Rs. 9	Steam per hour: Rs. 5
Water: Rs. 2 per hour	Repairs: Rs. 20,000 per year
Rent: Rs. 2,00,000 per year	Running hours per year: 2,000
Original cost of machine: Rs. 12,50,000	
Depreciation: 10% p.a. on original cost.	

17. a) For a certain work order, the standard time is 20 hours. The actual time taken is 13 hours. Wages per hour is Rs.5. Calculate the total earnings of the worker under Halsey plan and Rowan plan.

b) From the following information calculate the monthly labour turnover under the Separation method and Flux method.

Number of employees at the beginning of the month: 950
Number of employees at the end of the month: 1,050
Number of employees resigned: 10
Number of employees discharged: 30
Number of employees replaced in the vacancies: 20
Number of employees appointed due to expansion scheme: 120

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**( 2 x 15 = 30 )**

18. Following are the particulars for the production of 2,000 mobile phones of XYZ Ltd for the year 2012.

	Rs.
Cost of materials:	1,60,000
Wages:	2,40,000
Manufacturing expenses	1,00,000
Depreciation on office buildings	1,20,000
Rent, rates & insurance on office	20,000
Selling expenses	60,000
General expenses	40,000
Sales	8,00,000

The company plans to manufacture 3,000 mobile phones during 2013. You are required to submit a statement showing the price at which mobile phones would be sold so as to show a profit of 10% on the selling price.

The following additional information is supplied to you.

- Price of material is expected to raise by 20%.
- Wage rates are expected to raise by 5%.
- Manufacturing expenses will rise in proportion to the combined cost of materials and wages.
- Selling expenses per unit will remain the same.
- Other expenses will remain unaffected by the rise in output.

19. The following is the profit and loss account of a manufacturing company for the year 12'.

Particulars	Rs.	Particulars	Rs.
To Materials	48,000	By sales	96,000
To wages	36,000	By closing stock of finished goods	18,000
To Works expenses	24,000	By Work in Progress	
		Materials:	Rs. 3,000
		Labour:	Rs. 1,800
		Work expenses	Rs. 1,200
			6,000
To Gross Profit c/d	12,000		
	1,20,000		1,20,000
To Administration expenses	6,000	By Gross Profit b/d	12,000
To Net profit	6,000		
	12,000		12,000

During the year 6,000 units were manufactured and 4,800 units were sold. The costing records show that works expenses have been worked out at Rs.3 per unit and administration expenses at Rs. 1.50 per unit.

Prepare a statement showing profit as per cost records and reconciliation statement of cost and financial profits.

20. The following were the receipts and issues of Material 'X' during March 2012. Prepare stores ledger account on 'Simple average method'.

March 1	Opening balance of 1,100 units at Rs. 60 per unit
March 3	Issued 140 units
March 4	Issued 250 units
March 8	Issued 210 units
March 13	Received from vendor 400 units at Rs. 59 per unit
March 14	Refund of surplus from a work order 30 units at Rs. 58 per unit
March 16	Issued 350 units
March 20	Received from vendor 480 units at Rs. 62 per unit
March 24	Issued 608 units
March 25	Received from vendor 640 units at Rs. 60 per unit
March 26	Issued 524 units
March 28	Refund of surplus from a work order 24 units (Issued on 3 <sup>rd</sup> March)
March 31	Received from vendor 150 units at Rs. 64 per unit.

21. A company has three production departments and two service departments. Overheads distribution summary is as follows:

Production Departments:

A	Rs. 13,600
B	Rs. 14,700
C	Rs. 12,800

Service Departments:

X	Rs. 9,000
Y	Rs. 3,000

The expenses of service departments are charged on a percentage basis as given below:

	A	B	C	X	Y
Department X	40%	30%	20%	--	10%
Department Y	30%	30%	20%	20%	---

Apportion the cost of service departments by using the repeated distribution method.

\*\*\*\*\*