

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

SUBJECT CODE : 11CM/MC/CT24

B.Com. DEGREE EXAMINATION APRIL 2012
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. What is Perpetual Inventory System?
2. Mention the basis for apportioning the following expenses to departments:
a) Staff Welfare Expenses b) Sundry expenses c) Power
3. Distinguish between Cost Unit and Unit Cost.
4. What is Overtime? How is it treated in Cost Accounts?
5. What is Labour Turnover? Mention two costs associated with Labour Turnover.
6. Opening stock of raw material Rs.5000; Closing stock of raw material Rs.6000.
Purchases 150% of labour cost; Direct labour Rs.32000 (160% of factory overheads).
Calculate Works cost.
7. Profit as per Financial Accounts Rs.200
Transfer fees in financial Accounts Rs.400
Notional rent charged in Cost Accounts Rs.1000
Closing stock undervalued in Cost Accounts Rs.700
Ascertain Profit or Loss as per Cost Accounts.
8. From the following data calculate the Economic Order Quantity:
Annual consumption 5000 units per annum; Ordering costs Rs.12 per order; Interest costs on money locked up in stock 10 paise per unit, per annum; Storage cost Rs.1000 per annum for 50000 units.
9. Factory overheads estimated per annum Rs.20000; Direct wages estimated per annum Rs.100000; Machine hours estimated per annum 2000.
The following details relate to Job X:
Direct wages Rs.8000; Machine hours required 100.
Calculate the overheads to be charged to Job X if recovered: (A) as a percentage of direct wages (B) as a rate per machine hour.

10. A Ltd gives you the following details for the month of October 2010:

| | |
|---------------------------------------|------------------------------|
| Sales | Rs.2,50,000 |
| Stock on 1 st October | 50 units at Rs.1000 per unit |
| Purchases on 10 th October | 150 units at Rs.800 per unit |
| Purchases on 20 th October | 150 units at Rs.900 per unit |
| Stock on 31 st October | 180 units |

Calculate value of the stock on 31st October and the Profit for the month, assuming issues are priced under FIFO method.

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. A worker completes a job in a certain number of hours. The standard time allowed for the job is 20 hours and the hourly rate of wages is Rs.10. Under Halsey plan his earning are Rs.180. What would be his total earnings under the Rowan Plan, Time Rate system and Piece Rate system?

12. a) From the following data, calculate the labour turnover rate under Flux method.

No. of workers at the beginning of the year 3800

No. of workers at the end of the year 4200

During the year 40 workers leave, while 160 workers are discharged. 600 workers are required during the year, out of these 150 are recruited because of people who leave and the rest due to an expansion programme.

b) Find out the labour cost per hour, if a worker is paid Rs.2000 per month, in addition to a DA of Rs.500 per month. He is entitled to bonus at 10% on wages. Employer's contribution to provident Fund is 12% of wages and towards ESI 4% of wages. The employer maintains a subsidized canteen, the monthly subsidy being Rs.10000. The number of employees who take advantage of this canteen is 200. Normal idle time amount to 20%. The average working days in a month are 25 of 8 hours each. (Note: Wages includes DA for the above calculations).

13. X Ltd of Surat bought three chemicals A, B and C from Y Ltd, Bombay. The invoice gave the following details:

| | |
|--|--------|
| | (Rs.) |
| Chemical A 3000 kgs at Rs.4.20 per kg. | 12,600 |
| Chemical B 5000 kgs at Rs.3.80 per kg. | 19,000 |
| Chemical C 2000 kgs at Rs.4.75 per kg. | 9,500 |
| Sales tax | 2,055 |
| Freight | 1,000 |
| Total: | 44,155 |

A shortage of 200 kgs in A, 280 kgs in B and 100 kgs in C were noticed, due to normal leakage. Octroi at the rate of 10 paise per kg on the quantity actually received and a carriage of Rs.22 for A, Rs.63 for B and Rs.31 for C were paid in Surat.

Calculate the stock rate for pricing issues of these chemicals, assuming a provision of 5% is made towards obsolescence.

14. From the following data, calculate (a) Re-order quantity (b) Re-order level (c) Maximum level (d) Minimum level (d) Average stock level.
 Delivery period 5 to 15 days
 Consumption rate 10 to 20 units per day
 Ordering cost per order Rs.20
 Annual requirement 5000 units
 Annual storage cost per unit Rs.5
15. From the following data relating to a machine, calculate the Machine Hour rate:
 Shop rent Rs.4800 per annum (there are 5 identical machines in the shop)
 Depreciation per machine Rs.500 per annum
 Repairs Rs.800 per annum, per machine
 There are two attendants for the 5 machines and they are paid Rs.600 each, per month.
 There is one supervisor who is paid Rs.1000 per month for looking after the 5 machines.
 Consumable stores amount to Rs.50 per month, per machine.
 A machine uses 10 units of power, per hour.
 Cost of power per unit is Re.1
 A machine is expected to work for 250 days per annum at 8 hours per days.
16. A company has 2 Production departments and 2 Service departments. For a period the departmental Overhead expenses have been calculated as follows:
Production Departments
 Dept A Rs.2000
 Dept B Rs.1000
Service Departments
 Dept X Rs.400
 Dept Y Rs.300
 The expense of the Service Department are charged on a percentage basis as follows:
 Dept X - 30% to Dept A, 50% to Dept B and 20% to Dept Y.
 Dept Y - 50% to Dept A, 40% to Dept B and 10% to Dept X.
 The Machine hours in Dept A and B are estimated at 500 and 400 hours respectively.
 Calculate the Works Cost of Job No.777, which requires material Rs.600, Labour Rs.350 and uses 6 hours of machine time in Dept A and 4 hours in Dept B.
17. Opening stock of Material Rs.5000
 Purchase of Material Rs.35000
 Closing stock of Material Rs.3000
 Wages Rs.15000
 Factory overheads 60% of wages
 Administration overheads 20% of Works cost
 Selling overheads Re.1 per unit sold
 Production 10000 units
 Sales 8000 units at Rs.10 per unit
 Prepare Cost sheet.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. The financial records of X Ltd reveals the following:
- | | |
|--|-------------|
| Sales (20,000 units) | Rs.4,00,000 |
| Material | Rs.1,60,000 |
| Wages | Rs. 80,000 |
| Factory overheads | Rs. 72,000 |
| Office overheads | Rs. 41,600 |
| Selling overheads | Rs. 28,800 |
| Closing stock of finished goods (1230 units) | Rs.24,000 |
| Closing work in progress | Rs.11,200 |
| Goodwill written off | Rs. 3,000 |
| Interest received | Rs. 1,500 |
- In the costing records, factory overheads are charged at 100% of wages, Office overheads at 10% of works cost and selling overheads at Rs.1.50 per unit sold.
Ascertain the profit as per financial books and the costing records.
Also prepare a statement reconciling the two profits.
20. From the following data, prepare Stores ledger under LIFO and Weighted Average methods for the month of December:
- Purchases:**
- 1st December 400 units at Rs.5 per unit
8th December 200 units at Rs.6 per unit
15th December 500 units at Rs.7 per unit
22nd December 300 units at Rs.6.50 per unit
- Issues:**
- 12th December 450 units
18th December 200 units
20th December 250 units
26th December 200 units
24th December: return from Production Dept.20 units out of the issues made on 20th December
On 31st December, the stock verifier noticed a shortage of 20 units.
21. A company manufacturing two products A and B gives you the following data:
- | <u>Product</u> | <u>A</u> | <u>B</u> |
|---------------------------------|----------|----------|
| Production in units | 3000 | 2000 |
| Raw material per unit (Rs.) | 60 | 40 |
| Labor cost per unit (Rs.) | 20 | 10 |
| Labor hours per unit | 8 | 4 |
| Number of set ups | 10 | 20 |
| Machine hours per unit | 2 | 3 |
| Number of deliveries | 20 | 18 |
| Number of purchase requisitions | 24 | 8 |

The Overhead expenses were Rs.2,24,000 consisting of:

Set up costs Rs.99000; Machine expenses Rs.36,000; Delivery expenses Rs.57000 and Purchase expenses Rs.32,000.

Compute the production cost per unit of the two products, if overheads are recovered using:

- a) Rate per labor hour
- b) Activity based costing.

22. The following data is obtained from the books of ABC Ltd for the year ended 31/12/2010:

| | |
|--------------------------|--------------|
| Production and sales | 10,000 units |
| Direct material | Rs.1,80,000 |
| Direct wages | Rs.1,50,000 |
| Factory overheads | Rs. 90,000 |
| Administration overheads | Rs. 84,000 |
| Selling overheads | Rs. 1,05,000 |
| Sales | Rs.7,30,800 |

Prepare a cost sheet showing cost and profit per unit, for the year ended 31/12/2010.

In 2011 the company estimates a production of 15,000 units.

Material prices are expected to increase by 5% and labour rates are expected to reduce by 10%.

The factory recovers factory overheads as a percentage of direct wages and administration and selling overheads as a percentage of works cost.

Calculate the selling price per unit the company should charge in the year 2011, if it intends to earn the same rate of profit on cost as it earned in 2010.
