

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 2014
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. Define 'Costing', 'Cost', and 'Cost Accounting'.
2. What are the items which are included in cost records and not in financial records?
3. What are the essentials of a good material control system?
4. Write short notes on 'Direct Labour' and 'Indirect Labour'.
5. Write whether the following statements are True or False.
 - i) Cost of indirect materials is apportioned to various departments.
 - ii) Carriage inward is not an overhead.
 - iii) Machine Hour Rate is separately computed for each machine.
6. Compute Prime cost and Works cost from the following
Direct expenses : Rs. 10,000
Direct wages : Rs. 30,000
Direct materials : Rs. 10,000
Carriage outward : Rs. 60,000
Indirect wages are 50% of direct wages; indirect materials are 50% of indirect materials;
and indirect expenses are 100% of direct expenses.
7. From the following calculate the profit as per financial records.
Profit as per cost records: Rs.20, 000
Works on cost overcharged in cost accounts: Rs. 500
Interest on debentures shown in financial records: Rs. 250
Income Tax paid and recorded: Rs. 1,000
8. From the following calculate EOQ.
Annual consumption : 1,600 units
Cost per unit : Re.40
Cost per order : Rs. 50
Inventory carrying cost: 20% of inventory value

9. From the following calculate the labour turnover rate by using the following methods.

a) Separation method

b) Flux method

Number of workers at the beginning of the month and at the end of the month is 600 and 700 respectively. During the month 100 workers left, 200 workers were recruited. Out of those 200 workers, 50 workers had been recruited in the vacancies of those who left and the rest were engaged for an expansion scheme.

10. From the following compute the depreciation chargeable to each department.

Depreciation: Rs.55, 000.

Value of machinery:

Departments	Value of Machinery in Rs.	Kilowatt Hours of machines (KWH)
A	2,00,000	1,000
B	4,00,000	500
C	5,00,000	250

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. The financial books of a company show a Net Profit of Rs.1, 27,560 for the year ending 31st Dec. 2013. The Cost Account shows a Net Profit of Rs.1, 33,520 for the same corresponding period. The following facts are brought to light:

Factory overhead under recovered in costing A/c	: 11,400
Administration overhead over recovered in costing A/c	: 8,500
Depreciation charged in financial accounts	: 7,320
Depreciation recovered in cost A/c	: 7,900
Interest received but not included in cost A/c	: 900
Income Tax debited in financial A/c	: 1,200
Bank interest credited in financial A/c	: 460
Stores adjustment credited in financial A/c	: 840
Rent charged in financial A/c	: 1,720
Dividend paid recorded in financial A/c	: 2,400
Loss of obsolescence charged in financial A/c	: 520

12. From the following information prepare a cost sheet for the month of March 2014.

Particulars	Amount in Rs.
Purchase of raw materials	21,900
Carriage on purchases	1,100
Work in progress in the beginning	8,200
Work in progress at the end	9,100
Sale of finished goods	72,300
Direct wages	17,200
Non productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling and distribution overheads	4,200
Opening stock of raw materials	25,000
Opening stock of finished goods	17,300
Opening stock of raw materials	26,200
Closing stock of finished goods	15,700

13. From the following calculate Reordering Level, Maximum Level, Minimum Level and Average Stock Level for each of the component.

Particulars	Product A	Product B
Reordering quantity	1,200	1,000
Reorder period	2-4 weeks	3-6 weeks
Normal usage	300 units per week	300 units per week
Minimum usage	150 units per week	150 units per week
Maximum usage	450 units per week	450 units per week

14. The accounts of a company shows the following

Material consumed	: Rs. 7, 00,000
Direct labour	: Rs. 5, 40,000
Works overheads	: Rs. 1, 62,000
Establishment overhead	: Rs. 1, 12,000

What price should the company quote to manufacture a machine which will require an expenditure of Rs. 1,000 in materials and Rs. 800 in wages and profit of 20% on selling price.

15. a) A worker is paid a basic rate of Rs. 20 per hour. In addition he gets Rs. 2,000 per week of 48 hours as dearness allowance. He completes a job with standard time of 60 hours during the week of 48 hours. Calculate his earning under Halsey premium plan and Rowan premium plan. – 4 Marks

b) From the following calculate the Economic Ordering Quantity and the total amount of inventory cost in respect of the particular raw material

Annual demand	: 2,400 units
Unit price	: Rs. 2.40
Ordering cost per order	: Rs. 4
Storage cost 2% p.a	
Lead time half month	
Interest rate 10% p.a	

16. From the following calculate the labour cost for the month of March 2014 relating to a workman from the following:

Basic pay	Rs. 200 per month
D.A.	Rs. 150 per month
Employer's contribution to state insurance	6% of Basic and D.A.
Fringe benefits	Rs. 100 per month
Employer's contribution to provident fund	5% of Basic and D.A.

17. From the following calculate the machine hour rate of a welding.

Cost of welding machine	: Rs. 3, 60,000
Freight and installation	: Rs. 40,000
Working life	: 8,000 per year
Working life	: 20 years.
Repair charges	: 50% of depreciation
Power	: 10 units per hour @ Rs.5 per unit
Lubricating oil	@ Rs. 20 per day of 8 hours
Consumable stores	@ Rs. 20 per day of 8 hours.
Wages of operator	@ Rs. 400 per day of 8 hours.

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. From the following information related to the accounting year 2012-2013, prepare cost sheet and calculate the price at which the product should be quoted so as to earn the same rate of profit earned in 2012-2013.

Particulars	Amount in Rs.
Raw materials	3,00,000
Direct wages	1,68,000
Works overhead	1,50,000
Office overhead	1,68,000
Selling overhead	1,12,000
Distribution overheads	70,000
Net profit	1,10,000

In 2013-2014, the expenses incurred on the execution of work order are as follows: Raw materials Rs. 12,000; wages: Rs.7, 000; Assume that in 2013-14 the works overhead went up 20%, distribution overhead went down by 10% and selling and distribution overhead up by 12.5%.

19. Prepare a stores ledger account using weighted average method of pricing the issue of materials.

March 1, 2014 -	Balance 1,000 units@ Rs. 70 per unit
March 3, 2014	Purchased 2,000 units@ Rs. 80 per unit
March 5, 2014	Issued 500 units
March 10, 2014	Issued 1,000 units
March 15, 2014	Purchased 2,000 units @ Rs. 80 per unit
March 18, 2014	Issued 400 units
March 20, 2014	Received back 25 units out of the issue made on 5 th March 2014.
March 22, 2014	Issued 1,500 units
March 24, 2014	Returned to supplier 30 units out of the purchases made on 15 th March
March 25, 2014	Purchased 1,000 units @ Rs. 75 per unit
March 30, 2014	Issued 1,000 units
Physical verification on 21 st March revealed a shortage of 15 units and 20 units shortage on 30 th March.	

20. In a factory, there are two service departments, P and Q and three production departments A, B and C. In April 2013, the departmental expenses were as follows:

Departments	Amount in Rs.
A	6,50,000
B	6,00,000
C	5,00,000
P	1,20,000
Q	1,00,000

The service department expenses are allocated on a percentage basis as follows:

Service Departments ↓	A	B	C	P	Q
P	30%	40%	15%	--	15%
Q	40%	30%	25%	5%	--

Prepare the secondary distribution summary under Simultaneous Equation Method.

21. From the following Profit and Loss Account and additional information given, prepare cost sheet and reconciliation statement.

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To opening stock of materials	8,000	By Sales	1,85,000
To purchases	52,000	By closing stock of materials	15,000
To wages	28,000		
To factory expenses	12,000		
To administration expenses	10,000		
To Selling & Distribution expenses	14,000		
To Patents (written off)	6,000		
To Net Profit	70,000		
	2,00,000		2,00,000

In costing, opening stock of materials were shown at Rs. 7,000. The factory overheads were absorbed at Rs. 14,000. Administration overhead charges 10% of works cost and selling overhead was 10% of sales.
