

**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 2015**  
**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. What is sunk cost?
2. Define the term 'cost centre'.
3. What is labour cost?
4. Define the term 'overheads'.
5. What is prime cost?
6. Calculate the works cost from the following:  
Materials : Rs. 1, 00,000  
Labour : Rs. 50,000  
Direct expenses : Rs. 25,000  
Factory overheads : Rs. 60,000  
Selling expenses : Rs. 10,000  
Work in progress:-  
Opening : Rs. 25, 000  
Closing : Rs. 20, 000
7. Find out the Economic Ordering Quantity from the following:  
Annual usage: Rs. 1, 20,000  
Cost of placing and receiving one order: Rs. 60  
Annual carrying cost: 10% of inventory value.
8. From the following particulars calculate the labour turnover under a) Separation method  
b) Replacement method c) Flux method.  
Total number of employees at the beginning of the month: 2010  
Number of employees who were recruited during the month: 30  
Number of employees who left during the month: 50  
Total number of employees at the end of the month: 1990.
9. The time card of a worker reveals that in a normal week of 48 hours, he worked for 53 hours at the rate of Rs. 20 per hour. Taking an overtime premium at 150% of normal rate, calculate his gross wages.

10. i) \_\_\_\_\_ is the technique which involves identification of costs with each cost-driving activity.  
 ii) A cost is said to be \_\_\_\_\_ that does not change with the changes in the level of activity.  
 iii) Insurance premium for factory building is to be treated as \_\_\_\_\_ overhead.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:**

**(5 x 8 = 40)**

11. Prepare cost sheet from the following:

<b>Particulars</b>	<b>Rs.</b>
Raw materials consumed	30,000
Wages paid to labourers	12,000
Chargeable expenses-Direct	1,000
Wages of foreman	2,000
Wages of storekeeper	1,000
Electricity:	
Factory	2,500
Office	500
Rent:	
Factory	1,500
Office	500
Depreciation:	
Plant and machinery	600
Office furniture	200
Consumable stores	1,000
Manager's salary	3,000
Office printing and stationery	500
Telephone expenses	500
Salesmen's salary	1,500
Travelling expenses	300
Carriage outward	100
Advertising	300
Warehouse charges	200

12. From the following prepare reconciliation statement:

Particulars	Rs.
Profit as per cost account	1,45,500
Works overheads under-recovered	9,500
Administration overheads under-recovered	22,750
Selling overheads over-recovered	19,500
Overvaluation of opening stock in cost accounts	15,000
Overvaluation of closing stock in cost accounts	7,500
Interest earned during the year	3,750
Rent received during the year	27,000
Bad debts written off during the year	9,000
Preliminary expenses written off during the year	18,000

13. A firm maintains the stores ledger on the LIFO method. During the month of March 2015, the following receipts and issues of materials were made. You are required to record the transactions in the stores ledger with final balances.

**Receipts:**

1<sup>st</sup> March Balance 100 units @ Rs. 10 per unit  
 5<sup>th</sup> March Purchase order No. 15, 80 units @ Rs. 8 per unit  
 8<sup>th</sup> March Purchase order No. 16, 60 units @ Rs. 9 per unit  
 15<sup>th</sup> March Purchase order No. 17, 40 units @ Rs. 10 per unit  
 28<sup>th</sup> March Purchase order No. 18, 80 units @ Rs. 6 per unit

**Issues:**

10<sup>th</sup> March Materials Requisition No. 11, 140 units  
 12<sup>th</sup> March Materials Requisition No. 12, 20 units  
 20<sup>th</sup> March Materials Requisition No. 13, 40 units  
 25<sup>th</sup> March Materials Requisition No. 14, 20 units

31<sup>st</sup> March Shortage 10 units.

14. In a factory three components P, Q and R are used as follows:

Normal usage: 900 units per week each  
 Maximum usage: 1,350 units per week each  
 Minimum usage: 450 units per week  
 Re order quantity:

Component P: 7,200 units  
 Component Q: 9,000 units  
 Component R: 10,800 units

Re-order Period:

Component P: 2-4 weeks

Component Q: 4-6 weeks

Component R: 3-5 weeks

Calculate the following for each component:

- i) Re-Order level
- ii) Maximum level
- iii) Minimum level
- iv) Average stock level

15. In a factory, guaranteed wages at the rate of Rs. 240 per hour are paid in a 48 hour week. by time and motion study, it is estimated that to manufacture one unit of a particular product 40 minutes are taken. The time allowed is increased by 25%. During one week, a worker produced 240 units of a product. Calculate his wages under each of the following methods:

- i) Time rate
- ii) Piece rate with guaranteed weekly wage.
- iii) Halsey Premium bonus plan
- iv) Rowan Premium bonus plan

16. From the following data, prepare a statement showing the cost per day of 8 hours of engaging a particular type of labour:

Monthly salary (Basic wages) : Rs. 6,000

DA: 10% of Basic wages

Leave salary payable to workman : 15% of Basic and DA

Employee's contribution to PF : 8% of Basic and DA

Employee's contribution to ESI : 5% of Basic and DA

Employer's contribution to ESI : 5% of Basic and DA

Pro rata expenditure on amenities to labour : Rs. 50 per head per month.

No. of working hours in a month : 200 hours.

No. of working hours per day : 8

17. You are required to calculate the machine hour rate from the following:

	Rs.
Cost of machine	40,000
Cost of installation	4,000
Scrap value after 10 years	4,000
Shop supervisors salary for the $\frac{1}{4}$ of the area	8,000
Rates and rents for the $\frac{1}{4}$ of the area	1,200
General lighting	400 p.m.
Insurance premium for a machine	240 p.a.
Repairs (estimated)	400 p.a.
Power 3 units per hour @ Rs. 2 per unit	
Estimated working hours	4,000 p.a.

The machine occupies  $\frac{1}{4}$ <sup>th</sup> of the total area of the shop. General lighting expenses are to be apportioned on the basis of the floor area.

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SECTION – C

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ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. The following information is provided by Sun Industries for the months of April, May and June 2014:

<u>Date</u>		<u>Units &amp; price</u>
April	1	Opening balance
	5	Received
	20	Issued
May	5	Issued
	6	Received back from work order issued on 5 <sup>th</sup> May.
	7	Received
	20	Issued
	25	Returned to supplier (purchased on 7 <sup>th</sup> May)
	26	Issued
June	10	Received
	15	Issued

Stock verification on 15<sup>th</sup> June revealed a shortage of 10 units.

Prepare Stores Ledger using

- a) Simple average method                      b) Weighted average method.

19. Prepare cost sheet for the year 2014 from the following showing the total cost and cost per unit. Number of units produced in 2014: 2,000. Calculate the selling price to be fixed per unit for the production in 2015.

<b>Particulars</b>	<b>Rs.</b>
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 1.1.2014	5,000
Work in progress 31.12.2014	6,000
Factory overheads	26,000
Office overheads	45,000
Selling overheads	16,000
Opening stock of finished goods( 100 units)	20,000

Closing stock of finished goods: 120 units.

Profit: 10% on sales.

During the year 2015m it is decided to increase the production to 2,400 units. It is anticipated that:

- a) Material prices will increase by 10%
- b) Wages will reduce by 20%.
- c) Other expenses will remain constant per unit
- d) Expected profit : 20% on sales

20. The following particulars have been collected relating to a manufacturing industry for the three months ended 31.12.2014. Compute the departmental overhead rates for each of the production departments, assuming that overheads are recovered as a percentage of direct wages.

Particulars	Production Departments			Service Departments	
	A	B	C	D	E
Direct wages(Rs.)	2,000	3,000	4,000	1,000	2,000
Direct materials(Rs.)	1,000	2,000	2,000	1,500	1,500
Staff(Nos)	100	150	150	50	50
Electricity(Kwh)	4,000	3,000	2,000	1,000	1,000
Light points(Nos.)	10	16	4	6	4
Assets value(Rs.)	60,000	40,000	30,000	10,000	10,000
Area occupied(Sq.Mts.)	150	250	50	50	50

The expenses for the period were:

Motive power	: Rs. 550
Lighting power	: Rs. 100
Stores overhead	: Rs. 400
Depreciation	: Rs. 15,000
Amenities to staff	: Rs. 1,500
Repairs and maintenance	: Rs. 3,000
General overhead	: Rs. 6,000
Rent and taxes	: Rs. 275

Apportion the expenses of service department 'E' proportionate to direct wages and that of service department 'D' in the ratio of 5:3:2 to departments A,B and C respectively.

21. From the following information calculate comprehensive machine hour rate.

- i) Original purchase price of machine ( subject to depreciation at 10% p.a):  
Rs. 21,600
- ii) Normal working hours for the month (the machine works to only 75% capacity):  
200 hours
- iii) Wages of machine man: Rs. 4 per day ( of 8 hours)
- iv) Wages of helper (Machine attendant) ( of 8 hours): Rs. 2 per day

- v) Power consumption (H.P) estimated at Rs. 150 per month for the time worked.
- vi) Supervision charges apportioned for the machine centre: Rs. 300 p.m.
- vii) Electricity and lighting: Rs. 75p.m.
- viii) Repairs and maintenance: Rs. 150 p.m.
- ix) Insurance of plant and building apportioned per annum: Rs. 996
- x) Other general expenses( Overhead): Rs. 2,160 p.a.
- xi) Production bonus payable to workers 33.33% in terms of an award of basic wages and D.A.
- xii) Workers are also paid a fixed D.A of Rs. 75 p.m.
- xiii) Add 10% of the basic wages and D.A against leave wages and holidays with pay to arrive at a comprehensive labour cost for debit to production.

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