

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BCom(CS) DEGREE EXAMINATION DECEMBER 2017**  
(Fifth Semester)

**Branch - CORPORATE SECRETARYSHIP**

**CORE ELECTIVE -1 COST ACCOUNTING**

Time : Three Hours

Maximum : 75 Marks

**SECTION-A (20 Marks!)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 2 = 20)

**Write short answer:**

- 1 Define cost accounting.
- 2 State the meaning of prime cost.
- 3 What do you mean by ABC analysis?
- 4 Give the formula for EOQ and recorder level.
- 5 Write short note on idle time.
- 6 What are the advantages of time rata system?
- 7 Define overheads.
- 8 What do you mean by machine hour rate?
- 9 Explain the meaning of work certified.
- 10 What do you understand by abnormal loss?

**SECTION - B (25 Marks!)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a State the objectives of cost accounting.

OR

- b Ascertain the prime cost from the following:

	Rs.
Direct wages	50,000
Chargeable expenses	5,000
Opening stock of raw materials	10,000
Raw materials bought	60,000
Closing stock of raw materials	20,000
Carriage inwards	1,500
Carriage outwards	2,000

- 12 a Find out the economic order quantity and the number of orders per year from the following information.

Monthly consumption 3,000 units

Cost per unit Rs. 54

Ordering cost of Rs. 150 per order

Inventory carrying cost 20% of the average inventory.

OR

- b From the following particulars, prepare the stores lodger under 'Last In First Out' method.

2014 December 1 Stock in hand	500 units at Rs. 20
2 Issued	200 units
3 Purchased	150 units at Rs. 22
4 Issued	100 units
5 Purchased	200 units at Rs. 25

- 13 a From the following particular calculate labour turnover :

Total number of employees at the beginning of the month 2010

Number of employees who are recruited during the month 30

Number of employees who' left during the month 50

Total number of employees at the end of month 1,990

- 13 b Compute the labour cost per man day of 8 hours from the following heads:
- Basic wages - Rs. 2,000 per month
  - Dearness Allowance @ 20% of the basic wages
  - Leave pay @ 10% of the basic wage
  - Contribution to provident fund by the employee @ 5% of the basic wage
  - Working days of the month - 25 days of 8 hours each.

- 14 a On what basis the following expenses are allocated:
- Llectric hight
  - Depreciation of plant
  - Supervision
  - Insurance of stock
  - Creche.
- OR

- b Calculate the overhead allocable to production departments A and B from the following:

There are two services departments X and Y. X renders services to A and B in the ratio of 3 : 2 and Y renders service to A and B in the ratio of 9 : 1. Overhead as per primary overhead distribution is :  
A-Rs. 49,800; B -Rs. 29,600; X-Rs. 15,600; Y-Rs. 10,800.

- 15 a The following was the expenditure on the contract for Rs. 12,00,000 commenced on March.

	Rs.
Material	2,40,000
Wages	3,28,000
Plant	• 40,000
Overheads	17,200

Cash received on account of the contract upto February was Rs. 4,80,000 being 80% of the work certified. The value of materials in hand was Rs. 20,000. The plant had under gone 20% depreciation.

OR

- b From the following information given to you, prepare process B account.

2,000 units are transferred to process B @ Rs, 4 per unit. Other detail relating to the process are:

	Rs.
Material	4,000
Labour	1,000
Overhead	700

The normal loss has been estimated @ 10% of the process input units representing normal loss can be sold @ Re. 1.00 per unit. Actual production in the process is 1,900 units. Output of process B transferred to finished stock account.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks (3x10 = 30)

- 16 M/S Valu industries Ltd. are the manufactures of Sunlight Torches. The following data related to manufacture of torches during the month of June 2015.

Raw material consumed	Rs. 20,000
Direct wages	Rs. 12,000
Machine hours worked	9,500 hours
Machine hour rate	Rs. 2
Office overheads	20% of works cost
Selling overheads	50 paise per unit
Units produced	20.000units
Units sold	18.000units @ Rs. 5 per unit

Prepare cost sheet showing the cost and the profit per unit and the total profit earned.

Two components X and Y are used as follows:

Reordering quantity	X 1,200 units Y 1,000 units
Reordering period	X 2 to 4 weeks Y 3 to 6 weeks
Normal usage	300 units per week each
Minimum usage	150 units per week each
Maximum usage	450 units per week each

You are required to calculate the following for each of the components

(a) Reordering level (b) Maximum level (c) Minimum level (d) Average stock level.

Calculate the normal and overtime wages payable to a work man from the following data:

Days	Hours worked
Monday	8
Tuesday	12
Wednesday	10
Thursday	10
Friday	9
Saturday	4

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Normal working hours - 8 hours per day; on Saturday - 4 hours.

Normal rate Rs. 2 per hour.

Over time rate - upto 9 hours in a day at single rate and over 9 hours in a day at double rate or upto 48 hours in a week at single rate and over 48 hours at double rate, whichever is more beneficial to the workers.

The following particulars have been collected for the three monthly period ended 31.3.2014. 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	X	Y
Direct wages (Rs.)	2,000	3,000	4,000	1,000	2,000
Direct materials	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 point (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:

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

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

Prepare a reconciliation statement from the following details:

	Rs.
Net loss as per cost accounts	3,44,800
Net loss as per financial accounts	4,32,890
Works overhead under recovered in costing	6,240
Depreciation over changed in costing	2,600
Interest on investments	17,500
Administrative overhead over recovered in costing	2,600
Good will written off	92,000
Stores adjustment in financial books (cr)	950