

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION MAY 2024
(Fifth Semester)

Branch – CORPORATE SECRETARYSHIP

DISCIPLINE SPECIFIC ELECTIVE-I: COST ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Chargeable expenses are
 - (i) Direct expense
 - (ii) indirect expense
 - (iii) specific cost
 - (iv) All of the above
- 2 Direct Material is
 - (i) Real Cost
 - (ii) Normal Cost
 - (iii) Variable Cost
 - (iv) Notional Cost
- 3 Operating Costing is suitable for
 - (i) Hospitals
 - (ii) Oil refining
 - (iii) Transport undertakings
 - (iv) Bricklaying companies
- 4 closing work in process is reduced from
 - (i) prime cost
 - (ii) factory cost
 - (iii) cost of production
 - (iv) cost of sales
- 5 Drawings and design is a part of
 - (i) Factory overhead
 - (ii) Selling overhead
 - (iii) Office overhead
 - (iv) Distribution

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a State any Three objects of cost accounting.
OR
b State the methods of computation of labour turnover rates.
- 7 a State the rules relating to profit on incomplete contracts.
OR
b Fanout total Cost and profit from the following: - Direct Materials Rs66.0000; Direct Labour Rs. 130000; Factory Expenses Rs. 17000; Administration Expenses Rs. 25000; Selling Expenses Rs. 27000 and Sales Rs.4 60,000.
- 8 a Distinguish between allocation and absorption of overheads.
OR
b Calculate the minimum stock level, maximum stock level, re-ordering level and average stock level from the following information:
(i) Minimum consumption = 125 units per week (ii) Maximum consumption = 250 units per week (iii) Normal consumption = 140 units per week (iv) Re-order period = 3-4 weeks (v) Re-order quantity = 2,500 units (vi) Normal re-order period = 3 weeks
9. Calculate the earnings of a worker under (A) Halsey premium plan and (B) Rowan scheme.
Time allowed = 70 hours
Time taken = 48 hours
Rate per hour = Re.14
DA Rs 280 per hour
OR
b How will you treat (i) abnormal loss and (ii) normal loss in Process accounts?

Cont...

- 10 a The following are the expenses of Balu & co., in respect of a contract which commenced on 1st January 2018.

	Rs.
Materials purchased	6000
Materials on hand	4500
Direct wages	5000
Plant issued	30000
Direct expenses	16000

The contract price was Rs.950000 .work certified was 80% of cash received. cash received being 350000Rs. Charge indirect expenses at 18% on wages; provide Rs. 9000 for depreciation on plant and work uncertified was 45000Rs. prepare the contract account.

OR

- b Calculate Reorder Quantity from the following data. Also find out frequency of orders of orders to be placed.

Monthly Consumption 26000 units
 Buying Order Cost Rs 500
 Storage and carrying cost 30%
 Cost Per Unit Rs 45

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 a Explain the nature and scope of cost accounting.

OR

- b Explain the various elements of cost in cost accounting.

- 12 a The following summarized information is available from the records of Oil Ltd. for the month of March, 2017.

Sales for the month: ` 19,25,000

Opening stock as on 1 March, 2017 : 1,25,000 litres @ ` 6.50 per litre Purchases (including freight and insurance):

March 5 1,50,000 litres @ ` 7.10 per litre March 27 1,00,000 litres @ ` 7.00 per litre Closing stock as on 31st March, 2017 1,30,000 litres

Expenses for the month is ` 45,000.

Pricing of material issues is being done at the end of the month after all receipts during the month.

On the basis of above information, calculate the following using FIFO and LIFO methods of pricing: (i) Value of closing stock as on 31 March, 2017. (ii) Cost of goods sold during March, 2017. (iii) Profit or loss for March, 2017. (A detailed stores ledger account is not required. Only relevant figures need to be calculated).

OR

- b A company has three production departments and two service departments, and for a period the departmental distribution summary has the following totals.

Production Departments	RS
P1- Rs.1 800;	
P2- Rs. 1800;	
P3- Rs.900	4500(I)
Service Departments: S1 – Rs. 450; S2- Rs.300	
	750 (II)
TOTAL (I)+(II) =	5250Rs (III)

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The expenses of the service departments are charged out on a percentage basis as follows;

	P1	P2	P3	S1	S2
Service Department S1	20%	40%	30%	---	10%
Service Department S2	40%	20%	20%	20%	----

Prepare a statement showing the apportionment of two service departments' expenses to production departments by Repeated Distribution Method.

- 13 a From the particulars given below prepare labour cost per man day of 8 hours:
- 1) Basic Salary Rs.2 500 per day.
 - 2) Dearness allowance -2.50 Rs per every point over 400 cost of living Index for working class. Current cost of living index is 1000 units.
 - 3) Leave Salary - 25% of (i) and (ii)
 - 4) Employer Contribution to Provident fund 30% of (i) (ii) and (iii)
 - 5) Employer's Contribution to State Insurance - 12.5% of (i) (ii) and (iii)
 - 6) Expenditure on amenities to labour – Rs1.500 per head per mensem.
 - 7) Number of working days in a month - 25 days of 8 hours each.

OR

- b. Following is the summarized Trading and Profit and Loss Account of Waterproof Manufacturers, Ltd., for the year ending 31st March, 2015 in which year **800 waterproofs** were sold by the said company.

TRADING AND PROFIT AND LOSS ACCOUNT

Rs			
To cost of Materials	.32, 000	By sales	Rs.1, 60,000
To Direct wages	48,000		
To Manufacturing Charges	20,000		
To Gross Profit c/d	<u>60,000</u>		
			<u>1,60,000</u>
	<u>1,60,000</u>		
To Office Salaries	24,000	by Gross profit b/d	60,000
To Rent and Taxes	4,000		
To Selling Expenses	8,000		
To General Expenses	12, 000		
To Net Profit	<u>12,000</u>		
	60,000		60,000

Following **estimates** were made by the costing department of the company for the year ending 31st March, 2016:

- (a) The output and the sales will be of 1,000 waterproofs.
- (b) The price of materials will rise by 25% on the previous year's level.
- (c) Wages during the year will rise 12 ½%.
- (d) Manufacturing cost will rise in production to the combined cost of materials and wages.
- (e) Selling cost per unit will remain unchanged.
- (f) Other expenses will remain unaffected by the rise in output.

From the above information, prepare a cost statement showing the price at which the waterproofs would be marketed so as to show **a profit of 10% on the selling price.**

Cont...

- 14 a Compute cost per running kilometre from the following data of a truck.
Estimated life of vehicle 120000 kms.
Annual running 25000 kms.

	Rs.
Cost of vehicle	25000.00
Road licence (Annual)	750.00
Insurance (Annual)	700.00
Garage rent (Annual)	900.00
Supervision & Salaries (Annual)	2700.00
Driver's wages per hour	4.00
Cost of fuel per litre	4.00
Repairs and maintenance per k.m.	2.75
Tyre allocation per k.m.	0.40

Charge interest at 4% per annum on cost of vehicle. The vehicle runs 20kms. Per hour on an average and one litre of fuel gives 20kms.

OR

- b A company produces a product 'M' by three distinct processes before it is ready for sale. From the information given below, work out the selling price of the product if the Management decides to earn a profit of 20% over its works cost. Present the process a/c for each process.

Particulars	process		
	A	B	C
1 Input of raw materials @ ` 40 per kg. (kg) 10,000 - -			
2 Normal loss of input 5%	5%		5%
3 Delivered to next process (kg)	9,000		8,000 -
4 Total direct labour cost (Rs`)	15,000	15,750	13,000
5 Variable overhead (%of direct labour)	150%	120%	100%
6 Fixed overheads (% of direct labour)	250%	180%	200%
7 Finished stock held back (kg)	400		400 -

- 15a . From the following figures prepare a reconciliation statement between cost and financial records:

	Rs.
Net profit as per financial records	128755
Net profit as per costing records	172400
Works overhead under-recovered in costing	3120
Administrative overhead recovered in excess	1700
Depreciation charged in financial records	11200
Depreciation recovered in costing	12500
Interest received but not included in costing	8000
Obsolescence loss charged in financial books	5700
Income tax provided in financial books	40300
Bank interest credited in financial books	750
Stores adjustment (Credit in financial books)	475
Depreciation of stock charged in financial books	6750

OR

- b Explain the following (i) Cost plus contracts (ii) Escalation clause (iii) Machine hour rate

Z-Z-Z

END