

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

**BCom (CS) DEGREE EXAMINATION DECEMBER 2019  
(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)

- 1 Define the term costing.
- 2 List out the methods of classifying cost.
- 3 What are the advantages of material control?
- 4 What is Bin Card?
- 5 Distinguish between Direct Labour cost and Indirect Labour Cost.
- 6 What is time rate system of wage payment?
- 7 Define Overheads.
- 8 What is under absorption of overheads?
- 9 What is retention money?
- 10 Give two examples of industries using Process costing.

**SECTION - B (25 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks (5x5 = 25)

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

OR

- b Prepare a cost sheet from the following:

	Rs.
Direct Materials	50.000
Direct Wages	15.000
Factory expenses	5.000
Office expenses	1.000
Selling expenses	500

- 12 a What is the main difference between FIFO and LIFO methods of pricing of material issues?

OR

- b 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 Rs. 150 per order

Inventory carrying cost 20% of the average inventory.

- 13 a From the following information calculate the labour turnover rate by applying:

a) Separation method b) Replacement method c) Flux method

Number of workers at the beginning of the period: 3,800

Number of workers at the end of the period: 4,200

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year, of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

OR

**Cont...**

13 Cont...

- b Calculate the earnings of a worker under  
 a) Halsey Premium Plan and b) Rowan Scheme.  
 Time method = 48 hours  
 Time taken = 40 hours  
 Rate per hour = Re. 1

14 a Calculate the overhead allocable to production departments A and B from the following:

There are two service departments X and Y. X renders service 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.

OR

- b Calculate the direct material percentage rate for overhead absorption from the following:  
 Factory overhead budgeted for 2010 - Rs.3,00,000  
 Cost of direct material estimated to be consumed during 2010 - Rs.5,00,000

15 a The following expenses were incurred on an unfinished contract during the accounting year 2010:

	Rs.
Materials	90,000
Wages	80,000
Other Expenses	5,000

Rs.2,00,000 was received from the contractee, being 80% of the work certified. Work done but not certified was Rs.5,000. Determine the profit to be credited to Profit & Loss Account in all the three alternatives given below:

- (i) Contract price Rs.3,00,000  
 (ii) Contract price Rs.5,50,000  
 (iii) Contract price Rs. 12,00,000

OR

b Sunil & Co., produces a product through two processes J and K. Prepare the process accounts from the following details relating to March 2017.

	Process J Rs.	Process K Rs.
Materials	45,000	15,000
Labour	60,000	25,000
Chargeable expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

### SECTION - C (30 Marks)

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 M/s Indigo Industries Ltd., are the manufacturers of Moonlight torches. The following data relate to manufacture of torches during the month of March 2009.

	Rs.
Raw Materials consumed	20,000
Direct Wages	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	20,000 units
Units Sold	18,000 @ Rs.5 per unit

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

- 17 Prepare stores ledger account under LIFO method from the information given below:

2010 July 1 Opening Stock 2,000 units @ Rs.10 each  
 5 Received 1,000 units @ Rs. 11 each  
 6 Issued 600 units  
 10 Received 5,000 units at Rs. 12 each  
 12 Received back 50 units out of the issue made on 6 July  
 14 Issued 600 units  
 18 Returned to supplier 100 units out of goods received on 5<sup>th</sup>  
 19 Received back 100 units out of the issue made on 14<sup>th</sup> July  
 20 Issued 150 units  
 25 Received 500 units at Rs.14 each  
 28 Issued 300 units

The stock verification report reveals that there was a shortage of 10 units on 10<sup>th</sup> July and another shortage of 15 units on 26<sup>th</sup> July.

- 18 From the following particulars, calculate earnings of a worker under:  
 (i) Time rate system (ii) Piece wage rate (iii) Halsey Plan and (iv) Rowan Plan

Wage Rate Rs.2 per hour  
 Production per hour 4 units  
 Dearness allowance Re.1 per hour  
 Standard time fixed 80 hours  
 Actual time taken 50 hours  
 Production 250 units

- 19 In a factory, here are two service departments 1 and II and three production departments A, B and C. In April 2012, the departmental expenses were

Departments	A Rs.	B Rs.	C Rs.	I Rs.	II Rs.
	6,50,000	6,00,000	5,00,000	1,20,000	1,00,000

The expenses of the service departments are allotted on a percentage basis as follows:

	A	B	C	I	II
I	30	40	15		15
II	40	30	25	5	

Prepare a statement showing distribution of the expenses of the two service departments on a percentage basis by repeated distribution method.

- 20 In manufacturing a product, 1000 kgs of raw materials at Rs.8 per kg were supplied to Process 'X'. Other expenses of the process were as follows:

Labour Cost Rs.2,000

Production expenses Rs. 1,000

Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs.2 per kg. the actual output in this process was 880 kgs which was transferred to Process 'Y'

Prepare Process 'X' account and abnormal loss account.

Z-Z-Z

END