

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 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 (10x2 = 20)

- 1 Define Cost Accountancy.
- 2 Define Cost Audit.
- 3 Define historical costing.
- 4 Define overhead.
- 5 State any four fringe benefits.
- 6 Write note on preventive cost.
- 7 Write note on Machine Hour rate.
- 8 Write note on semi variable.
- 9 Write note on normal processors.
- 10 Write note on cost plus contract.

SECTION - B (25 Marks)

Answer ALL Questions

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

11 a What are the advantages of cost accounting? - ;

OR

- b In a factory two types of radios are manufactures, viz, orient and sujon • models. From the following particulars prepare a statement showing cost

	Orient Rs.	Sujon Rs.
Materials	27,300	1,08,680
Labour	15,600	62,920

Works overhead is charges at 80% on labour and office overhead is taken at 15% on works cost. The selling price of both radios is Rs. 1,000 78 orient radios and 286 sujon radios were sold.

12 a Calculate E. O Q from the following :

- (i) Consumption during the year = 600 units
- (ii) Ordering cost Rs. 12 per order
- (iii) Carrying cost 20%
- (iv) Price per unit - Rs. 20

OR

- b. Calculate maximum level, minimum level and recording level from the following data :

Re-order quantity	1,500 units
Re-order period	4 to 6 weeks
Maximum consumption	400 units per week
Normal consumption	300 units per week
Minimum consumption	250 units per week

Cont...

Calculate the earnings of workers A and B under straight price rate system and Taylor's differential piece rate system from the following particulars :

Normal rate per hour Rs. 240

Standard time per unit 30 seconds

Differentials to applied

80% of piece rate below standard. Worker A produces 800 units per day and Worker B produces 1,000 units per day.

OR

What are the Advantages of job analysis?

Given that the cost standard for materials consumption are 40 kgs. at Rs. 10 per kg. Compute the variances when actual are : 48kgs at Rs. 12 per kg.

• OR

Calculate Machine hour rate from the following :

- (i) Cost of machine - Rs. 19,200
- (ii) Estimated scrap value - Rs. 1,200'
- (iii) Average repairs and maintenance charges per month Rs. 150.
- (iv) Standing charges allocated to Machine per month - Rs. 50
- (v) Effective working life of machine - 10,000 hours
- (vi) Running time per month - 166 hours
- (vii) Power used by machine - 5 units per hour @ 19 paise per unit

S.V Constructions Ltd has obtained a contract for the construction of a bridge, the value of the contract is Rs. 12 lacks and the work commenced on 1st October 2000. The following details are plant purchased Rs. 60,000; wages paid - Rs. 3,40,000; materials issued to site - Rs. 3,36,000; site - Rs. 2,800; Materials at the site as on 30-9-2001 - Rs. 4,000; Direct expenses accrued as on 30-9-2001 - Rs. 6,00,000. Life of plant purchased is 5 years and scrap value is nil.

- (i) Prepare contract account for the year ended 30th September, 2001.
- (ii) Show the amount of profit which you consider might be fairly taken on the contract and how you have calculated it.

* , OR

The balance sheets of alacrity Ltd. at the end of 1993 and 1994 are given below. You are required to prepare a schedule of changes in working capital :

	Process A Rs	Process B Rs	Process C Rs
Direct Material	1,500	2,600	2,000
Direct Labour	5,000	4,000	3,000

Overhead expenses amounted in all to Rs. 6,00.0. They are to be appropriated on the basis of direct wages. Main raw materials issued to process A (besides above) were worth Rs. 6,000. Ignoring the question of stock Prepare the Process Account concerned.

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

From the following particulars, calculate the labour cost per man-day of 8 hours :

- (a) Basic salary - Rs. 5 per day.
- (b) Dearness allowance - 20 paise per every point over 100.

Cost of living index for workers - Current cost of living index 800 points

- (c) Leave salary - 5% of (a) & (b)
- (d) Employer's contribution to provident fund 8% of (a) & (b).
- (e) Employer's contribution to state insurance - 5% of (a), (b) & (c)
- (f) Number of working days in a month - 25 days of 8 hours each

- 17 A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records :

	Process 1 Rs	Process 2 Rs	Process 3 Rs	Total
Materials	2,600	2,000	1,025	5,625
Direct wages	2,250	3,680	1,400	7,330
Production overheads				7,330

500 units @ Rs. 4 per unit were introduced in process 1. production overheads are absorbed as a percentage of direct wages.

The actual output and normal loss of the respective processes are given below :

	Output (Units)	Normal loss as percentage	Value of Scrap (per unit)
Process 1	450	10%	Rs. 2
Process 2	340	20%	Rs. 4
Process 3	270	25%	Rs. 5

- 18 Following information has to be obtained from the records of a manufacturing concern :

	1-1-2006 Rs	31-12-2006 Rs
Stock of raw materials	40,000	50,000
Stock of finished goods	1,00,000	1,50,000
Stock of work-in progress	10,000	14,000

	Rs		Rs.
Indirect expenses	50,000	Administration Expenses	1,00,000
Lubricants	10,000	Power	30,000
Insurance on Plant	3,000	Direct Labour	3,00,000
Purchase of Raw material	4,00,000	Depreciation on machinery	50,000
Sale commission	60,000	Factory rent	60,000
Salaries of salesman	20,000	Property tax on factory building	11,000
Carriage outward	20,000	Sales	12,00,000

Prepare a statement of cost and profit showing (i) Cost Raw material consumed (b) prime cost (c) Total manufacturing cost (d) Factory manufacturing cost (e) Cost of production (f) Cost of Goods Sold (g) Cost of Sales (h) Profit.

- 19 Calculate Machine Hour Rate of Machine A :

Consumable store	600 for A Machine
Consumable Store	1,000 for B Machine
Repairs	800 for A Machine
Repairs	1,200 for B Machine
Heat and Light	360
Rent	1,200
Insurance of Building	4,800
Insurance of Machines	800
Depreciation of Machines	700
Room services	60
General charges	90

Cont...

Additional information :

■/	Working Hours	Area (Sq. metre)	Book value (Rs.)'
A Machine	10,000	100	12,000
B Machine	25,000	500	20,000

M/s Promising Company undertook a contract for erecting sewerage treatment for Prosperous Municipality for a total value of Rs. 24 lac. It was estimated that the job would be completed by 31st Jan 2001.

You are asked to prepare the Contract Account for the year ending 31st Jan 2001 from the following particulars :

- (i) Materials - Rs. 3,00,000
- (ii) Wages - Rs. 6,00,000
- (iii) Overhead charges-Rs. 1,20,000
- (iv) Special Plant - Rs. 2,00,000
- (v) Work certified was Rs. 16,00,000 and 80% of the same was received in cash.
- (vi) Material lying at sites as on 31 -1 -2011 - Rs. 40,000.
- (vii) Depreciate Plant by 105.
- (viii) 5% of the value of material issued and 6% of wages may be taken to have been incurred for the portion of the work completed, but not certified. Overheads are charges as a Percentage of Direct Wages.
- (ix) Ignore Depreciation of plant for use on uncertified portion of work.
- (x) Ascertain the amount to be Profit and Loss A/c on the basis of realised profit.

Z-Z-Z

END

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TAXATION LAW AND PRACTICE

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10x2= 20)

- 1 What is previous year?
- 2 Define annual value.
- 3 What is casual income?
- 4 What is meant by perquisites?
- 5 What is taxable income?
- 6 Define capital assets.
- 7 Give any two 100% deductions without limit.
- 8 What is advance payment of tax?
- 9 Define person.
- 10 What is CBDT?

SECTION - B (25 Marks)

Answer ALL Questions

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

- 11 a Explain the conditions for assessing the residential status of an individual.

OR

- b Following are the incomes of Mr. X. Compute the total income if he is (a) Resident (b) Not ordinarily resident (c) Non resident.

	Rs.
i) Income from business carried from Hyderabad	50,000
ii) Income accrued in India but received in Dubai	75,000
iii) Income from Agriculture in London	1,00,000

- 12 a How will you compute income from let out house property?

OR

- b Mr. Abraham is employed in Chennai. His pay particulars are as follows:

Basic salary Rs. 12,000 p.m.
DA Rs. 3,000 (pm) (not forming part of salary)
HRA Rs. 6,000 (pm) (actual rent is 7,000 pm)
Calculate taxable HRA.

- 13 a What are the provisions relating to preliminary expenses?

OR

- b Mr. Kumaran's investments during the year ended 31st March 2016

Consisted of the following:

- a) Rs. 25,000, 7% government securities
 - ^N b) Rs. 15,000, 8% Agra municipal bonds
 - c) Rs. 10,000, 7 years post office national saving certificates
 - d) Rs. 10,000, 6% securities issued by a foreign government.
- Find out his income from other sources.

- 14 a Explain the provisions of sec 800 regarding physically handicapped or mentally retarded assessee.

Calculate total income of Ms Vani from the following:

	Rs.
House property loss	70,000
Long-term capital loss	15,000
Short-term capital	40,000
Other sources of income	30,000

Discuss the due dates of filing of returns.

OR

What is best judgement assessment?

SECTION - C (30 Marks)

Answer any THREE Questions

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

Explain any ten exempted incomes.

Mrs. X an employee of Tamilnadu Government submits the following information for the assessment year 2016-17. Salary Rs. 86,000, Entertainment allowance Rs. 8,000, bonus Rs. 10,200, education allowance Rs. 4,000 (for her grand children) income tax penalty paid by employer Rs. 2,000, medical expenses reimbursed by employer Rs. 2,000, leave travel concession Rs- 1,000, free residential telephone Rs. 4,000, Free refreshment during office hours Rs. 4,000, payment of electricity bill by employer Rs. 1,060, reimbursement of gas bills Rs. 1,000, professional tax paid by employer Rs. 300, professional tax paid by Mrs X Rs. 150.

Mrs X is provided with a car of more than 1.6 ltr for both personal and official use and expenses of maintaining the car with chauffer are borne by the employer.

Contribution to PPF Rs. 1,20,000

(Principal amount) Repayment of loan taken for purchase of house Rs. 70,000

Determine the taxable salary and amount deductible U/S 80C.

The following is the profit and loss account of Mr. Roy for the year.

	Rs.		Rs.
To rates and taxes	400	By Gross profit	14,623
To establishment (Staff)	1,750	By Bank interest on	
To Rent	600	personal deposits	577
To household expenses	1,450		
To discount	250		
To advertisement	200		
To income - tax	480		
To postage and stationary	810		
To fire insurance	150		
To gifts and presents	160		
To charity and donations (to approved institution)	1,140		
To purchase of plant and machinery (not yet installed)	1,500		
To repairs of furniture	50		
To interest on loan	1,000		
To life insurance premium	600		
To reserve for doubtful debts	700		
To interest on capital	250		
To net profit	3,660		
	<u>15,200</u>		<u>15,200</u>

You are required to ascertain the business income of Mr. Roy.

- 19 Mr John a resident individual provide the following information relevant to the previous year ending March 31,2016.
- Income from Salary (computed) 72,000
 - Income from house property (Computed)
 - House I - 24,000 (income)
 - House - II - 60,000 (Loss)
 - House - III - 20,000 (Loss)
 - Profits and gains of business of profession
 - Business I - 25,000
 - Business II - 20,000
 - Business III (speculation) - 40,000
 - Business IV (speculation) - 75,000
 - Capital Gains
 - STCG - 13,000
 - LTCG - 7,000
 - Income from other sources
 - Income from securities - (20,000)
 - Bank interest - 10,000
 - Income from card games - 30,000
 - Income from betting - 30,000
 - Loss From Gambling - 60,000
 - Income on maintenance of race horses:
 - At Chennai - 40,000
 - At Bangalore (Stake money received) - 30,000.
- Determine the gross total income for the AY 2016-17.

- 20 Explain the process and function of income tax officers.

Z-Z-Z

• END