

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai — 600 044.

B.Com.(A&F) END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - V

**20UAFCT5014 - Cost Accounting**

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

### Section B

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. Explain the importance of cost accounting.
2. From the following data for the last 7 days, compute the Average Stock Level for a component:  
Maximum usage in a week 600 units  
Minimum usage in a week 400 units  
Average usage in a week 450 units  
Time-lag procurement of materials: Maximum 4 days. Minimum 2 days. Re-order quantity = 1,500 units
3. What is labour turnover? Explain the reasons for it.
4. The particulars of cost incurred in the production departments and service departments of a manufacturing concern are as follows. Cost of service department D is to be apportioned in the ratio of 5:4:4 and E in the ratio of 4:3:2.

Production Departments			Service department	
A	B	C	D	E
1,00,000	1,50,000	1,25,000	75,000	60,000

Calculate the costs allocated to each production department.

5. The accounts of Vasudev Manufactures Ltd., for the year ended 31<sup>st</sup> December 2022 show the following:

	Rs.
Stock of material on 1.1.2022	6,720
Materials purchased	1,50,000
Materials returned to suppliers	2,000
Direct labour	50,000
Direct expenses	20,000
Factory expenses	15,300
Office and administrative expenses	8,000
Selling and distribution expenses	7,900
Stock of material on 31.12.2022	7,720
Profit	10,000

Prepare cost sheet.

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6. The following information is available for the month of January 2022:

2022	Receipts		Issues (units)
	Qty (units)	Rate (Rs.)	
Jan 4	2,000	4	-
Jan 12	3,000	4.8	-
Jan 15	-	-	1500
Jan 20	2,500	5.2	-
Jan 30	-	-	1,000

Prepare Store ledger showing base stock method of inventory valuation with LIFO method of pricing material issues. The normal base stock quantity is 500 units.

7. Consider the following information concerning the monthly remuneration of three workers:

- Standard production per month per worker 1000 units.
- Actual production during the month: A, 850 units; B, 750 units; and C, 950 units.
- Piece work rate is Rs.0.10 per unit (actual production).
- Additional production bonus is Rs.10 for each percentage of actual production that exceeds 80% over standard.
- Dearness pay fixed at Rs.50 per month.

Calculate the total monthly remuneration for three workers: A, B, and C.

8. Work out the machine hour rate for the following machine whose scrap value is 'nil'.

- Cost of machine Rs.3,60,000.
- Freight and installation Rs.40,000.
- Working life : 20 years.
- Working hours : 8,000 per year.
- Repairing charges : 50% of depreciation.
- Power :10 unit per hour @10 paise per unit.
- Lubricating oil @ Rs.2 per day of 8 hours.
- Consumable stores @ Rs.10 per day of 8 hours.
- Wages of operator @ Rs.4 per day.

### Section C

Answer any **THREE** questions ( $3 \times 10 = 30$  Marks)

9. Explain various classification of costs.

10. Prepare a Cost Sheet for the year ended 31.3.2022 from the following figures extracted from the books of Best Engineering Co.

Opening Stock:

- Raw Material 40,350,
- Work-in-Progress 15,000 and
- Finished Stock 35,590.

Cost incurred during the period:

Materials purchased	2,50,000
Wages paid	2,00,000
Carriage inward	2,000
Consumable Stores	10,000
Wages of Storekeeper	7,000
Depreciation of Plant & Machinery	10,000
Materials destroyed by Fire	5,000

Repairs & Renewals	5,010
Office Manager's Salary	10,000
Salary to Office Staff	20,500
Printing & Stationary	10,000
Power	10,500
Lighting for Office Building	2,000
Carriage outward	3,000
Freight	5,000
Entertainment	2,500
Warehousing charges	1,500
Legal charges	2,000
Expenses for participating in Industrial exhibition	6,000

Closing Stock:

- (i) Raw material 35,000
- (ii) Work-in-Progress 14,500 and
- (iii) Finished Stock 40,030.

Profit 25% on cost.

11. (a) A manufacturer uses 200 units of a component every month and he buys them entirely from outside supplier. The order placing and receiving cost is Rs.100 and annual carrying cost is Rs.12. From this set of data, calculate the Economic Order Quantity.
- (b) P Ltd., uses three types of materials A, B & C for production of X, the final product. The relevant monthly data for the components are as given below:

Normal usage	200 units	150 units
Minimum usage	100 units	100 units
Maximum usage	300 units	250 units
Reorder quantity	750 units	900 units
Reorder period(in month)	2 to 3	3 to 4

Calculate for each component:

- (a) Re-order level
  - (b) Minimum level
  - (c) Maximum level
  - (d) Average stock level
12. An operator engaged in machining components receives an ordinary day rate of Rs.160 per day for an 8-hour day. The standard output for machining the components has been fixed at Rs.0.80 per hour (time fixed for premium bonus). On a certain day, the worker's output on the machine is 800. Find the labour cost per 100 pieces and the wages earned under the following conditions:
- (a) If a bonus of Rs.19 is paid per 100 extra output
  - (b) If paid for on straight piece work basis at the standard rate.
13. S. will Ltd., has two production departments A, B and one service department S. The actual costs for a period are as follows:

	<b>Rs.</b>
Power	1,750
Lighting	1,600
Rent & Rates	6,000
Indirect wages	4,000
Sundries	1,600
Depreciation	6,000

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The other particulars are:

	<b>Production A</b>	<b>Department B</b>	<b>Service department S</b>
Working hours	4,000	3,000	2,000
Direct wages(Rs.)	3,000	2,000	3,000
Cost of Machinery	75,000	50,000	25,000
H.P. of Machinery	60	30	10
Light points	18	12	10
Floor Area(sq.ft.)	1,000	1,200	800

Apportion the cost of the various departments on most equitable basis.

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