

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. ISM - END SEMESTER EXAMINATIONS APRIL - 2024

SEMESTER - II

23UBICT2003 - Cost Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

- Compare financial accounting and cost accounting.
- Material 'A' is used as follows:
Maximum usage in a month – 600 units
Minimum usage in a month – 400 units
Average usage in a month – 450 units
Lead time: Maximum 6 months, minimum 2 months
Reorder quantity: 1,500 units
Maximum reorder period for emergency purchases - 1 month
Calculate: (a) Reorder level, (b) Maximum level, (c) Minimum level, (d) Average stock level.
- From the particulars given below, Diagram stores ledger account under simple average price method.

Date	Particulars	Units	Rate p.u (Rs.)
2018 Jan.1	Balance	100	6
5	Purchase	600	7
20	Issues	400	-
Feb 5	Issues	200	-
6	Purchases	500	8
Mar 10	Issues	400	-
12	issues	200	-

- In a factory, there are two service departments I and II and three production departments A,B and C. In April 2022 the departmental expenses are:

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.

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5. During the year 2018, X Ltd., produced 50,000 units of a product. The following were the expenses:

	Rs.
Stock of raw materials on 1.1.2018	10,000
Stock of raw materials on 31.12.2008	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to show a cost sheet showing cost per unit and total cost at each stage.

6. Discover 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.

7. Balaji industries had an opening stock of 300 units of material A valued at Rs.600. Receipts and issues during August 2018 were as follows:

August	2	Received	200 units, valued at Rs.440
	4	Issued	150 units
	6	Received	200 units, valued at Rs.460
	11	Issued	150
	19	Issued	200 units
	22	Received	200 units, valued at Rs.480
	31	Issued	250 units

Diagram the stores ledger account using weighted average price method.

8. The following details pertain to the production department of a factory.

Material consumed	– Rs.60,000
Direct wages	– Rs.40,000
Machine hours	– 50,000
Labour hours worked	– 25,000
Factory overhead relating to the department	– Rs.50,000

Evaluate overhead absorption rates under different possible methods from the above details.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Build essential requisites of a good costing system.

10. 'Manorama Enterprises' production budget for the year 2020 was 1,00,000 units. Predetermined overhead rates on 'units' basis were in practice. The actual results as shown in financial accounts were:

Profit and Loss Account			
Particulars	Rs.	Particulars	Rs.
To Materials	1,50,000	By Sales (75,000 units)	3,00,000
To Wages	50,000		
To Works expenditure	40,000		
To Office expenses	20,000		
To Selling expenses	15,000		
To Net profit c/d	25,000		
	3,00,000		3,00,000

Of the overheads, fixed portion was: Works 40%; office 100% and Selling 1/3

- a. Diagram a statement showing cost and profit.
 - b. Reconciliation statement.
11. The particulars relating to inventory are given below:
 Annual consumption (360 days) 12,000 units
 Cost per unit – Rs.2
 Ordering cost – Rs.12 per order
 Cost of carrying inventory – 10%
 Normal lead time – 18 days
 Safety stock – 30 days consumption
 You are required to determine
- a. the quantity to be ordered each time
 - b. when should the order be placed?
 - c. What should be the ideal inventory immediately before receipt of the ordered material?
12. Discover a store ledger account from the following transactions assuming that the issue of stores has been priced on the principle of First – in – First – Out.
- Jan 1 Opening stock 2,000 units at Rs.26 each
 - 2 issued 1,000 units
 - 3 Issued 800 units
 - 4 Purchased 1,500 units at Rs.27.50 each
 - 4 Issued 400 units
 - 5 Issued 320 units
 - 6 Purchased 1,000 units at Rs.29 each
 - 7 Issued 1,400 units
 - 8 Returns to Vendor, purchased on 6th January 30 units
 - 9 Received back from work order, issued on 5th January 40 units
 - 10 Issued 500 units
 - 11 Purchased 500 units at Rs.32 each
 - 11 Issued 400 units
 - 13 Purchased 1,500 units at Rs.34 each
 - 15 Issued 300 units

On 15th January when the stock is verified, it is found that the actual stock is more by 20 units.

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13. Strongman Ltd., has three production departments A,B and C and two service departments X and Y.

The following particulars are available for the month of March 2010, concerning the organization.

	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000
	1,14,400

The following further details are also available:

	Total	A	B	C	X	Y
Floor space (Sq.mts)	5,000	1,000	1,250	1,500	1,000	250
Light points	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machines	150	60	30	50	10	-
Cost of machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000

The expenses of service departments are to be allocated in the following manner:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

You are required to compile the total overheads of the three production departments.
