

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 APRIL - 2024

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. Why cost accounting is necessary? Mention the steps involved in the installation of cost accounting systems in an organisation.
2. The annual demand for a particular item of inventory is 10,000 units. Inventory carrying cost is 20% and ordering cost Rs.40 per order. The price quoted by the supplier is Rs.4 per unit. However, the supplier is willing to give discount of 5% for orders of 1,500 units or more. Is it worthwhile to avail the discount offer?
3. A worker's wage for a guaranteed 44 hours per week is Rs.10 per hour. The estimated time to produce one article is 30 minutes and under the incentive scheme, the time allowed is increased by 20%. During a week he manufactured 100 articles. Calculate total wages under Rowan bonus plans.
4. Compute the various stock levels from the following data:
 - Normal consumption 300 units per day.
 - Maximum consumption 420 units per day Minimum consumption 240 units per day.
 - Reorder quantity 3,600 units.
 - Reorder period 10 to 15 days.
 - Normal reorder period 12 days.
5. Prepare a Reconciliation Statement from the following figures.
 - Net Profit as per costing books Rs.66,760.
 - Factory overhead under recovered in costing Rs.5,700.
 - Administration overhead recovered in excess Rs.4,250.
 - Depreciation charged in financial books Rs.3,660.
 - Depreciation recovered in costing Rs.3,950.
 - Interest received but not included in costing Rs.450.
 - Income tax provided in financial books Rs.600.
 - Bank interest credited in financial books Rs.230.
 - Stores adjustment (credited in financial books) Rs.420.
 - Depreciation of stock charged in financial accounts Rs.860.
 - Dividends appropriate in financial accounts Rs.1,200.
 - Loss due to theft and pilferage provided only in financial books Rs.260.

Contd...

6. Prepare a statement of labour cost showing the cost per day.
- Monthly salary Rs.225.
 - Leave salary Rs.5% of Monthly salary.
 - Employer's contribution to PF : 8% of A and B.
 - Employer's contribution to ESI: 3% of A and B.
 - Pro rata expenditure on amenities to labour Rs.28 per head per month.
 - No. of working hours in a month of 25 days : 8 hours per day.
7. A factory uses 4000 varieties of inventory. The following information is given:

No. of varieties of inventory	%	% value of inventory holding (average)	% of inventory usage (in end products)
3875	96.875	20	5
110	2.75	30	10
15	0.375	50	85
4000	100	100	100

Classify the items of inventory as per ABC analysis with reasons.

8. Calculate machine Hour rate for Machine A from the following data:

Cost of machine	Rs.19,200
Scrap value	Rs.1,200
Repairs per month	Rs.150
Standing charges per month	Rs.50
Effective working life	10,000 hours
Running time per month	200 hours

Power used 5 units @ 18 paise per unit.

Section C

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

9. Comment on the different methods of costing and explain their practical applications.
10. The accounts of ABC Co. Ltd., Show the following:
- | | |
|-------------------------|-------------|
| Materials used | Rs.7,00,000 |
| Direct labour | Rs.5,40,000 |
| Works on cost | Rs.1,62,000 |
| Establishment overheads | Rs.1,12,600 |
- What price should the company quote to manufacture a machine which requires an expenditure of Rs.1,000 for materials and Rs.800 for wages so that it will yield a profit of 20% on selling price.
11. The following is the record of receipts and issue of a certain material in the factory during a week:
- 2024
- 1 Feb Opening balances 50 tonnes at Rs.10 per tonne Issued 30 tonnes
 - 2 Feb Received 60 tonnes at Rs.10.20 per tonne
 - 3 Feb Issued 25 tonnes
 - 4 Feb Received back from orders 10 tonnes (previously issued at Rs.9.15 per tonne)
 - 5 Feb Issued 40 tonnes
 - 6 Feb Received 2 tonnes at Rs.10.30 per tonne.

Show the Stores Ledger account by adopting the FIFO method.

12. An operator engaged in machining certain components receives an ordinary day rate of Rs. 16 per day of 8 hours. The standard output for machining the component has been fixed at 80 pieces per hour (time as fixed for premium bonus). On a certain day, the output of the worker on this machine is 800 pieces. Find the labour cost per 100 pieces and the wages that would have been actually earned by the workman under the following:
- (i) If a bonus of Rs. 2.30 is paid per 100 of the extra output.
 - (ii) If paid on straight piece work basis at the standard rate.
 - (iii) If Halsey premium bonus system is being adopted.
13. The following particulars relate to a manufacturing company which has three production departments A, B and C and two service departments X and Y.

Total departmental overhead as per primary distribution:

Department	A	B	C	X	Y
Expenses (Rs.)	6,300	7,400	2,800	5,400	2,000

The company decided to charge service department costs on the basis of the following percentages:

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

Find the total overheads of production department charging service departmental costs to production on the repeated distribution method.
