

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 - NOV'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)

1. Define Cost Centre and explain its role in an organization.
2. Differentiate between Cost Accounting and Financial Accounting with examples.
3. M/s.Indu Industries Ltd., are the manufactures of moonlight torches. The following data relate to manufacture of torches during the month of March 2009.

Raw material consumed	Rs.20,000
Direct wages	Rs.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 profit earned.

4. Find out the Economic Order Quantity and the number orders per year from the following information:
Monthly consumption 3,000 units
Cost per units Rs.54
Ordering cost Rs.150 per order
Inventory carrying cost 20% of the average inventory.
5. Following details pertain to the production department of a factory.

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

Calculate overhead absorption rates under:

- a) Direct material % rate
- b) Direct wages % rate
- c) Prime cost % rate
- d) Labour hour cost
- e) Machine hour rate

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6. From the following particulars prepare the stores ledger account showing the pricing of material issue by adopting the FIFO method, with Base Stock of 400 units, out of opening stock.

2023 December	
1	Opening stock 1,000 units at Rs.2.00 each.
3	Purchased 800 units at Rs.2.10
5	Issued 800 units
12	Purchased 1,600 units at Rs.2.10
17	Issued 1,500 units
20	Purchased 900 units at Rs.2.50
25	Issued 600 units

7. Ascertain the profit as per financial books from the following information:

	Rs.
Profits as per cost accounts	25,000
Closing stock over valued in cost books	12,500
Formation expenses written off	3,000
Profit on sales of Building	30,000
Administrative expenses over recovered in cost books	50,375
Works overhead under recovered in cost books	30,375
Bank interest and transfer fee in financial books	5
Interest on investment recorded in financial books	10
Depreciation shown in excess in cost books	4,000
Provision made for income tax	40,000

8. The accounts of machine manufacturing company disclose the following information for the six months ending 31st Dec.2023.

	Rs.
Material used	1,50,000
Productive wages	1,20,000
Factory overheads expenses	24,000
Establishment and general expense	17,640

Prepare a cost sheet of the machines and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1,250 and expenditure in productive wages of Rs.750. So that the price may yield a profit of 20% on the selling price.

Section C

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

9. Explain the steps involved in the Installation of a Costing System and how it can benefit an organization.

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10. From the following details are available from the company's book.

	Rs.
Stock of materials 1-1-2020	12,800
Stock of finished goods 1-1-2020	28,000
Purchases during the year	2,92,000
Production wages	1,98,800
Sales of finished goods	5,92,000
Stock of raw materials 31-12-2020	13,600
Stock of finished goods 31-12-2020	30,000
Works overhead	43,736
Office and general expenses	35,547

The company is about to send a tender for a large plant. The costing department estimated that materials required would cost Rs.20,000 and wages for making the plant would cost Rs.12,000. Tender is to be made keeping net profit of 20% on selling price. State what would be the amount of the tender, if based on the usual percentages.

11. Two components X and Y are used as follows:

Minimum Usage	50 units per week each
Maximum Usage	150 units per week each
Normal Usage	100 units per week each
Ordering quantities	X-600 Units Y-1,000 Units
Delivery period	X-4 to 6 weeks Y-2 to 4 weeks

Maximum order period for emergency Purchases X:2 Weeks Y : 2 weeks.

Calculate for each component:

a) Reorder level b) Maximum level c) Minimum level d) Danger level.

12. From the particulars given below write up the stores ledger card:

2019		
1 Jan	Opening stock	1,000 units at Rs.26 each
5	Purchased	500 units at Rs.24.50 each.
7	Issued	750 units.
10	Purchased	1,500 units at Rs.24 each
12	Issued	1,100 units
15	Purchased	1,000 units at Rs.25 each
17	Issued	500 units
18	Issued	300 units
25	purchased	1,500 units at Rs.26 each
29	Issued	1,500 units

Adopt the FIFO method of issue and ascertain the value of the closing stock.

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13. X Ltd., has three production departments A,B and C and two service departments D and Following information relates to the month of Jan 2009.

	Rs.
Rent	10,000
Depreciation	20,000
Motive power	3,000
Indirect Wages	23,000
Lighting	1,200

Particulars	Production Departments			Service Departments	
	A	B	C	D	E
Area occupied(sq. Feet)	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Direct Wages(Rs.)	3,000	2,000	3,000	1,500	500
Horse power (KWH)	60	30	50	10	—
Value of Machines(Rs.)	60,000	80,000	1,00,000	5,000	5,000

Prepare overhead Distribution Statement.
