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**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE – 1**

**SEMESTER EXAMINATIONS**

**NOVEMBER – 2018 15CCO5A/15CCC5A**

**COST ACCOUNTING - I**

**Time: 3 Hrs Max. Marks: 75**

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. Define the term costing.
2. What are the expenses excluded from costing.
3. Define material control.
4. Give the meaning of Economic Order Quantity.
5. Give the expansion of FIFO.
6. Give any two advantages of Simple Average Price Method.
7. Give the meaning of Labour Turnover.
8. Give the formula for Halsey – Premium Plan.
9. Define Overhead.
10. Define Machine Hour Rate.

**SECTION – B (5 X 5 =25)**

**Answer any FIVE of the following questions.**

1. Explain the advantages and disadvantages of costing.
2. From the following information calculate
3. Maximum Stock Level
4. Minimum Stock Level
5. Reorder Level
6. Average Stock Level

Minimum Consumption – 240 units per day.

Maximum consumption – 420 units per day.

Normal Consumption -- 300 units per day.

Reorder Quantity -- 3600 units.

Reorder Period -- 10—15 days.

Normal Reorder Period --12 days.

1. From the following particulars prepare stores ledger by adopting weighted average method

2010 Jan 1 Receipts 300 units @ Rs 10 per unit

10 Receipts 200 units @ Rs 12 per unit

12 Receipts 400 units @ Rs 11 per unit

15 Issues 250 units

16 Issues 150 units

18 Receipts 200 units @ Rs 14 per unit.

20 Issues 300 units

22 Receipts 300 units @ Rs 15 per unit

25 Receipts 100 units @ Rs 16 per unit

27 Issues 200 units.

31 Issues 100 units.

1. From the following calculate earnings of workers under:
2. Time rate system
3. Piece wage rate system
4. Halsey Plan and
5. Rowan plan

Wage rate = Rs 2 per hour

Production per hour – 4 units

Dearness allowance –Re 1 per hour

Standard time fixed – 80 hours

Actual time taken –50 hours

Production –250 units

1. Kumaresh Ltd has three production departments ‘A’, ‘B’, And ‘C’ and two service departments ‘D’ and ‘E’. The following figures are extracted from the records of the company.

Rent and rates Rs 5000, Indirect wages Rs 1500, Depreciation of Machinery Rs 10,000, General Lighting 600, Power 1500 and Sundries 10,000.

Following further details are available.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | Total | A | B | C | D | E |
| Floor space in square feet | 10,000 | 2000 | 2,500 | 3,000 | 2,000 | 500 |
| Light points | 60 | 10 | 15 | 20 | 10 | 5 |
| Direct Wages (Rs) | 10,000 | 3,000 | 2,000 | 3,000 | 1,500 | 500 |
| H.P of Machines | 150 | 60 | 30 | 50 | 10 | -- |
| Value of Machinery(Rs) | 2,50,000 | 60,000 | 80,000 | 1,00,000 | 5,000 | 5,000 |

Apportion the cost to various departments on the most equitable basis by preparing a primary distribution summary.

1. Calculate Machine Hour Rate for the following machine whose scrap value is Nil.
2. Cost of Machine Rs 3,60,000
3. Freight and Installation Rs 40,000
4. Working Life : 20 Years
5. Working Hours : 8,000 per year
6. Repair Charges : 50% of depreciation
7. Power : 10 units per hour @ 10 paise per unit
8. Lubricating oil @ Rs 2 per day of 8 hours
9. Consumable Stores @ Rs 10 per day of 8 hours
10. Wages of Operator @ Rs 4 per day
11. Following information relating to a type of raw material is available.

Annual demand 2,400 units, Unit Price Rs 2.40, Ordering cost per order Rs 4, Storage cost 2% per

annum, Interest rate 10% per annum, Lead time half month.

Calculate economic order quantity and total amount of inventory cost in respect of the particular

raw material.

1. From the following data prepare a statement showing the cost per day of 8 hours of engaging a

particular type of labour:

1. Monthly salary ( Basic plus D.A ) Rs 400
2. Leave salary payable to workman 15% of basic and dearness allowance.
3. Employee’s contribution to Provident Fund 8% of salary( items a & b)
4. Employer’s contribution to E.S.I 5% of salary ( items a & b)
5. Pro rata expenditure on amenities to labour Rs.25 per head per month.
6. No. of working hours in a month 200.

**SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

19. (a) The particulars of a factory for the year 2006 are given below

Raw materials 3,00,000, Direct wages 1,68,000, Works overhead 1,50,000,

Office overhead 1,68,000, Selling Overhead 1,12,000, Distribution Overhead 70,000,

Net Profit 1,10,000.

In 2007, the expenses incurred on the execution of a work order:

Raw materials Rs 12,000, Wages Rs 7000; Assuming that in 2007 works overhead went up

20%, distribution overhead went down by 10% and selling and office overheads went up by

12 %, at what rate of price should the product be quoted so as to earn the rate of profit on the

selling price same as in 2006.

(Or)

(b) Two components X and Y are 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 ---1000units

Delivery Period : X – 4 to 6 Weeks

Y – 2 to 4 Weeks

Maximum reorder period for emergency purchases X & Y each 2Weeks. Calculate for each

component:

1. Reordering level, (b) Maximum level,(c) Minimum level and (d) Danger level.

20. (a) Draw a stores ledger under FIFO method.

2010 July 1 Opening stock 2000 unit @ Rs 10 each

5 Received 1000 units @ Rs 11 each

6 Issued 500 units

10 Received 5000 units @ Rs 12 each

12 Received back 50 units out of the issue made on 6th July.

14 Issued 600 units

18 Returned to supplier 100 units out of goods received on 5th.

19 Received back 100 units out of the issue made on 14th July

20 Issued 150 units

25 Received 500 units @ Rs 14 each

28 Issued 300 units

The stock verification report reveals that there was a shortage of 10 units on 18th July and another

shortage of 15 units on 26th July.

(Or)

1. From the following particulars calculate the earnings of workers A&B under Straight Piece Rate

system and Taylor’s Differential piece rate system

Standard time allowed 5 units per hour

Normal time rate Rs 50 per hour

In a day of 8 hours A produced 150 units and B produced 250 units.

21. (a) A manufacturing concern has three production departments and two service departments. In

July 2008 the departmental expenses were as follows:

Production Departments A – Rs 16,000, B – Rs 13,000, C – Rs 14,000

Service Departments X –Rs 4000 and Y – Rs 6000

The service departments expenses are charged out on percentage basis

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | A | B | C | X | Y |
| Expenses of department X | 20% | 25% | 35% | -- | 20% |
| Expenses of department Y | 25% | 25% | 40% | 10% | -- |

Prepare a statement of Secondary distribution under Repeated Distribution Method.

(Or)

1. Compute the Machine Hour Rate from the following

Cost of the Machine 1,00,000

Installation charges 10,000

Estimated scrap value after the expiry of life ( 15 Years) 5,000

Rent &rates for the shop per month 200

General lighting for the shop per month 300

Insurance premium for the machine per annum 960

Repair and maintenance per annum 1000

Power consumption – 10 units per hour ---

Rate of power per 100 units 20

Estimated working hours per annum 2200

This includes setting up time of 200 hours

Shop supervisor’s salary per month 600

The machine occupies 1/4 th of the total area. The supervisor is expected to devote 1/5 th of his time for supervising the machine.

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