



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)
Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

BBA 3417/3627

COST ACCOUNTING

Time: 3 Hours

Marks: 75

Part – A

Answer any five questions

5x15 =75 Marks

1. The following details have been obtained from the cost records of Kumar & co

	Rs.		Rs.
Stock on raw material on 1st Dec 2010.	75,000	Depreciation of plant and machinery	3500
Stock of material on 31st Dec.2010	91,500	Expenses on purchases	1,500
Direct wages	52,500	Carriage outwards	2,500
Indirect wages	2,750	Advertising	3,500
Sales	211,000	office rent and taxes	2,500
Work-in-progress 1st Dec.2010	28,000	Traveler's wages and commission	6,500
Work-in-progress 31st Dec.2010	35,000	Stock of finished goods (1st Dec.2010)	54,000
Purchase of raw materials	66,000	Stock of finished goods (31st Dec.2010)	31,000
Factory rent, rates and power	15,000		

Prepare a Cost sheet giving the maximum possible break up of costs and profit.

2. Write notes on 'Contract costing' and explain the characteristic features of contracts and contract costing.
3. Vasanth 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

The following further details are also available:

Particulars	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 requested to calculate the total overhead of the three production departments.

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

2007 January 1	Opening Stock	1,000 units at Rs.26 each	Jan-15	Purchased	1,000 units at Rs.25 each
Jan-05	Purchased	500 units at Rs. 24.50 each	Jan- 17	Issued	500 units
Jan-07	Issued	750 Units	Jan-18	Issued	300 units
Jan-10	Purchased	1,500 units at Rs.24 each	Jan-25	Purchased	1,500 units at Rs.26 each
Jan-12	Issued	1,100 units	Jan-29	Issued	1,500 units

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

- Distinguish between job costing and contract costing.
- Explain the methods of overheads absorption. State its advantages.
- In a Light Engineering Factory, the following particulars have been collected for the three monthly period ended 31-12-2009. Compute the departmental overhead rates for each of production departments, assuming that overheads are recovered as a percentage of direct wages.

Particulars	Production departments			Service Departments	
	A	B	C	D	E
Direct wages (Rs.)	2,000	3,000	4,000	1,000	2,000
Direct materials (Rs.)	1,000	2,000	2,000	1,500	1,500
Staff (Nos.)	100	150	150	50	50
Electricity (kwh)	4,000	3,000	2,000	1,000	1,000
Light points (Rs.)	10	16	4	6	4
Assets value (Rs.)	60,000	40,000	30,000	10,000	10,000
Area occupied (Sq.mts.)	150	250	50	50	50

The expenses for the period were:

Motive Power	-	550	Amenities to staff	-	1500
Lighting Power	-	100	Repairs and maintenance	-	3000
Stores overhead	-	400	General overhead	-	6000
Depreciation	-	15,000	Rent and taxes	-	275

Apportion the expenses of service department E proportionate to direct wages and that to service department D in the ratio of **5:3:2 to department A, B and C** respectively.
