



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

COM/CME 3635

Cost Accounting I

Marks: 75

Duration: 3hours

Answer any FIVE of the following:

(5X15=75)

- Define Cost accounting. Explain the objective of cost accounting
 - Distinguish between cost accounting and financial accounting.
- What practical difficulties would you meet while installing the costing system?
Give your suggestions to overcome them.
- The following details have been obtained from the cost records of Adhib Ltd.

Stock of raw materials (1.1.09)	Rs. 75000
Stock of raw materials(31.12.09)	Rs.91500
Direct wages	Rs.52500
Indirect wages	Rs. 2750
Sales	Rs. 211000
Work-in-progress(1.12.09)	Rs. 28000
Work-in-progress(31.12.09)	Rs.35000
Purchase of raw materials	Rs. 66000
Factory rent, rates and power	Rs. 15000
Depreciation of Plant and machinery	Rs. 3500
Expenses on purchases	Rs. 1500
Carriage outwards	Rs. 2500
Advertising	Rs. 3500
Office rent and taxes	Rs. 2500
Traveler's wages and Commission	Rs. 6500
Stock of finished goods(1.12.09)	Rs. 54000
Stock of finished goods(31.12.09)	Rs. 31000

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

- From the following particulars, calculate:
 - Re-order level
 - Minimum level
 - Maximum level.

Normal usage – 100 units per day.
 Minimum usage – 60 units per day.
 Maximum usage – 130 units per day.
 Economic order quantity – 5000 units.
 Re- order period - 25 to 30 days.

b) Calculate the earnings of a worker from the following information, under:

i) Time Rate Method ii) Piece Rate Method iii) Halsey Plan and d) Rowan Plan.

Standard Time: 30 hours; Time taken: 20 hours

Hourly rate of wages is Re. 1 per hour plus a dearness allowance @ 50 paise per hour worked.

5. Compute Machine hour rate from the information given below:

Cost of machine X - Rs. 13500
 Life of the machine - 10 years
 Estimated scrap value (after 10years) – 1980
 Working hours - 1800
 Insurance (per annum) - 45
 Cotton wastes (per annum) - 75
 Rent for debt. (Per annum) - 975
 Lighting for department (Per annum)- 360
 Repairs for entire life - 1440
 Foreman’s salary (Per annum) - 7500
 Power: 10 units @ 75 paise per unit.

Machine X occupies 1/5 of the area and foreman devotes 1/4 of his time to the machine.
 The machine has 2 light point out of the total 12 for lighting in the department.

6. The following information for the year ended December 31, 2009 is obtained from the Books and records of a factory.

particulars	Completed jobs	Work-in-progress
Raw materials supplied from stores	Rs. 90000	Rs. 30000
Wages	Rs. 100000	Rs. 40000
Chargeable expenses	Rs. 10000	Rs. 4000
Materials Transferred to work-in-progress	Rs. 2000	Rs. 1000
Material returned to stores	Rs. 1000	-

Factory overhead is 80% of wages and office overhead is 25% of factory cost.
 The value of executed contracts during 2006 was Rs. 4, 10,000. Prepare (i) Consolidated Completed jobs accounts, and (ii) Consolidated work-in-progress account.

7. ST construction Ltd. under took a contract on 1st April 2009. From the following particulars, Prepare a contract account for the year ending 31st March 2010 and find the amount transferred to Profit and loss account.

Direct purchase of Materials - Rs. 90,000
 Materials issued from stores - Rs. 25,000
 Wages - Rs. 1, 22,000

Direct expenses	- Rs. 12,000
Machinery purchased	- Rs.80, 000
Establishment Charges	- Rs. 27,000

The contract price was Rs.7,50,000. Cash received up to 31.3.2010 was Rs. 3, 00,000 which is 80% of work certified. Material at site Rs.8000. Depreciation for machine Rs.8000.