



THE AMERICAN COLLEGE, MADURAI
(An Autonomous Institution Affiliated to Madurai Kamaraj University)
End Semester Examination – COST ACCOUNTING

COM/CME/CMC 3421

Maximum Marks: 75

Duration: 3hours

Answer any FIVE of the following

(5X15=75)

1. What are the characteristics of an ideal cost accounting? And also explain the types of costing.

2. The following is an extract of the record of receipts and issue of a material during 1994. On 1st march 1994, opening balance was 300 units at Rs.20 per unit.
March- 3 issued 150 units
4 issued 100 units
10 received from supplier 200 units @Rs.19 per unit
16 issued 65 units
20 received from suppliers 240 units @Rs. 22 per unit
24 returned to suppliers 20 units out of purchases of March 20
25 purchased 100 units @ Rs.24 per unit
26 issued 180 units
On march 14, received back 15 units from the production department. Stock verification on 18th march showed a shortage of 10 units.
Write up the store ledger account on FIFO method

3. Calculate the earnings of workers A, B and C under Straight Piece rate system, Merrick's Multiple piece rate system and Taylors piece rate from the following particulars.
Normal rate per unit Re.0.09
Standard output 480 units
Output per day is as follows:
Worker A 390 units
Worker B 450 units
Worker C 600 units
Working hours per day : 8 hours
Differential rates to be applied:
80% of piece rate when below standard
120% of piece rate when at or above standard .

4. The following data were obtained from the books of a company for the half year ended 30th June 1995.

Particulars	Production Departments			Service departments	
	A	B	C	X	Y
Direct wages (Rs.)	7,000	6,000	5,000	1,000	1,000
Direct materials (Rs.)	3,000	2,500	2,000	1,500	1,000
Employees (No.)	200	150	150	50	50
Electricity (kWh)	8,000	6,000	6,000	2,000	3,000
Light points (No)	10	15	15	5	5
Assets value (Rs.)	50,000	30,000	20,000	10,000	10,000
Area occupied (Sq.m)	800	600	600	200	200

The expenses for six months were:

Stores overheads Rs.400; motive power Rs.1,500; Electric light Rs.200; Labour welfare Rs.3000; Depreciation Rs.6000; Repairs & maintenance Rs.1,200; general overheads Rs.10,000; Rent & taxes Rs.600.

Prepare a primary distribution table for the departments.

5. You are given the following data for the year 1997 of the company

Variable cost	Rs. 6,00,000
Fixed cost	Rs.3,00,000
Profit	Rs.1,00,000
Sales	Rs. 10,00,000

Find out

- (i) Profit /Volume ratio
- (ii) Break even point
- (iii) Profit when sales amounted to Rs.12,00,000
- (iv) Sales required to earn a profit of Rs.2,00,000

6. Mr. Varma a Contractor obtained a construction work at a contract price of Rs.5,00,000 and commenced the execution of the work on April 1,2001. The following are the particulars of the contract up to March 31,2002:

Particulars	Amount (Rs.)
Materials purchased	1,00,000
Materials from stores	24,500
Wages	1,04,000
Overhead chargers allocated	23,000
Materials returned from site	13,500
Work certified by architect	2,50,000
Direct expenses	44,000
Cost of work not certified	1,05,000
Machinery installed at site	32,500
Value of machinery at march 31,2001	25,000
Wages accrued due to march 31,2001	11,000
Cash received	2,25,000

You are required to:

1. Parpare the contract account for 2001-2002 in the books of the contractor.
 2. Find out amount of profit to be transferred to profit and loss account of the contractor.
7. From the following particulars, compute :
- a) Material cost variance b) material price variance c) material usage variance
- | | |
|--------------------------------|------------------|
| Quantity of material purchased | 3000 units |
| Value of materials purchased | Rs.9,000 |
| Standard quantity of materials | 2400 units |
| Standard rate of material | Rs.2.50 per unit |
| Actual rate of material | Rs.3 per unit |
| Opening stock of materials | Nil |
| Closing stock of materials | 500 units |