BON SECOURS COLLEGE FOR WOMEN, THANAJVUR

PG & RESEARCH DEPARTMENT OF COMMERCE

SUBJECT : COST ACCOUNTING
CLASS : II B.Com
SUBJECT CODE : 16CCCCM7

PART –A TWO MARKS

UNIT – I

1. What is Cost?
2. Define Costing.
3. What is Cost Accounting?
4. Define cost accounting
5. What is direct material?
6. What is prime cost?
7. What is cost unit?
8. What is cost centre?
9. What is profit centre?
10. What is meant cost sheet?

UNIT – II

1. What is material?
2. What is direct material?
3. What is meant by indirect material?
4. What is EOQ?
5. What is material control?
6. What is perpetual inventory?
7. What do you mean by inventory control?
8. What is bin card?

UNIT – III

1. Who is labour?
2. Who is direct labour?
3. Who is indirect labour?
4. What is meant by time keeping?

5. What do you mean by time booking?
6. What is idle time?
7. What is over time?
8. What do you mean by labour turnover?
9. What is meant by remuneration?
10. What is job evaluation?

UNIT – IV

1. What is overhead?
2. What is cost classification?
3. What do you mean by cost allocation?
4. What is cost apportionment?
5. What do you mean by cost absorption?
6. What is machine hour rate?
7. What is under absorption?
8. What is meant by over absorption?

UNIT – V

1. What is job costing?
2. What is contract costing?
3. What is work certified?
4. What is work uncertified?
5. What is notional profit?
6. What is process costing?
7. What is normal loss?
8. What do you mean by abnormal gain?
9. What is abnormal loss?
10. What is meant by operating costing?

PART – B FIVE MARKS

UNIT – I

1. State the objectives of cost accounting.
2. What are all the merits of cost accounting?
3. What are all the disadvantages of cost accounting?

4. State the nature of cost accounting.
5. What are all the elements of cost?
6. State the relationship between cost accounting & financial accounting.
7. Discuss the methods of costing.
8. What are all the techniques of cost accounting?
9. Give the specimen for cost sheet.
10. From the following particulars prepare cost sheet

Direct material	Rs.8, 000
Direct wages	Rs.6, 000
Direct expenses	Rs.2, 500
Administrative expenses	Rs.4, 000
Factory overhead	Rs.5, 000
Selling & Distribution overhead	Rs.2, 500
Sales	Rs.40, 000

11. From the following particulars prepare cost sheet (a) Raw material consumed (b) Prime cost (c) Work cost (d) Cost of production & (e) Sales.

Particulars	**1.1.2009(Rs.)**	**31.1.2009(Rs.)**
Raw materials	20, 000	32, 000
Work in progress	26, 500	14, 000
Purchase of raw material		90, 000
Carriage inwards		2, 000
Direct wages		40, 000
Chargeable expenses		15, 000
Work overhead		22, 500
Administrative overhead		10, 000
Selling & distribution overhead		14, 000
Sales		2, 20, 000

12. Prepare a statement of cost and profit from the following data

Opening stock of raw material	Rs.10000
Purchase of raw materials	Rs.40000
Material returned to supplier	Rs.2000

Closing stock of raw material	Rs.8000
Direct wages	Rs.20000

Work on cost 25% on wages; office on cost 20% on work cost; selling on cost 10% on work cost; profit 10% on cost.

13. Calculate the cost of raw material purchased from the following data

Opening stock of raw materials	Rs.20, 000
Closing Stock of raw materials	Rs.30000
Expenses on purchase	Rs.10, 000
Direct wages	Rs.50, 000
Prime cost	Rs.1, 50,000

UNIT – II

1. What are all the advantages of material control?
2. State the objectives of material control.
3. Discuss about the stores ledger.
4. Explain about the levels of stock.
5. What are all the merits & demerits of LIFO?
6. What are all the advantages & disadvantages of FIFO?
7. What are all the merits & demerits of simple average method?
8. What are all the advantages & disadvantages of weighted average method?
9. Discuss about the ABC analysis.
10. State the concept of Bin card.
11. Find out Re-order level:

    Maximum usage 300 units, Minimum usage 200 units, Re-order period 8 to 10 days.

12. From the following information calculate 1. Maximum stock level 2. Minimum stock level & 3. Re-order level

Minimum consumption	240 units per day
Normal consumption	300 units per day
Maximum consumption	420 units per day
Re-order quantity	3600 units
Re-order period	10 to 15 days

Normal order period	12 days

13. From the following information calculate 1. Maximum stock level 2. Minimum stock level & 3. Re-order level.

Normal usage	100 units per day
Minimum usage	60 units per day
Maximum usage	130 units per day
EOQ	5000 units
Reorder period	25 to 30 days.

14. Material A is used as follows:

Maximum usage in a month	600 units
Minimum usage in a month	400 units
Average usage in a month	450 units

Lead time: Maximum 6 months, Minimum 2 months

Re-order quantity	1500 units

Maximum reorder period for emergency purchase – 1 month

Calculate 1. Re-order level 2.Minimum level 3.Maximum level 4.Average stock level & 5. Danger level.

15. Calculate EOQ: Annual requirements 3600kgs; Cost of placing and receiving one order Rs.10; annual carrying and storage cost Rs.20 p.u.
16. Calculate EOQ: Consumption during the year 600 units; Ordering cost Rs.12; carrying cost 20%; Price per unit Rs.20.
17. Find out EOQ: Annual usage Rs.120000;Cost of placing an order Rs.15; Annual carrying cost 10% of inventory value.
18. Find out the EOQ and the number of orders per year from the following information:

    Monthly consumption 3000 units

    Cost per unit Rs.54

    Ordering cost Rs.150 per order

    Inventory carrying cost 20% of the average inventory.

19. From the following particulars given below, calculate EOQ and the Number of orders to be placed per year.

Total Consumption of material per year 10,000 kgs; buying cost per order Rs.50; unit cost of material Rs. 2 per kg. Carrying and storage cost 8% on average inventory.

20. From the following details prepare the stores ledger account by adopting FIFO method. What would be the value of stock at the end of the period?

    Dec 1 Opening stock 1000 units @ Rs.2.00 each

    Dec 3 Purchase 800 units @ Rs.2.10each

    Dec 5 Issued 1200 units

    Dec 10 Purchased 1600 units @ Rs.2.10 each.

21. Show the year end value of inventory under FIFO method:

Particulars		Received		Issued
		Units	Rate (Rs.)	Units
I	Quarter	20000	2.25	16000
II	Quarter	30000	2.50	20000
III	Quarter	25000	2.40	33000
IV	Quarter	10000	2.60	7000

Assume that purchases were made on the first day of the quarter.

22. Prepare stores ledger by adopting stores ledger of Simple average rate method:

Date & Year	Receipts		Issue
	Qty.	Rate	Qty.
15.3.09	200	Rs.2.00	-
18.3.09	300	Rs.2.40	-
25.3.09	-	-	250
28.3.09	250	Rs.2.60	-
30.3.09	-	-	200

23. Prepare stores ledger by adopting stores ledger of Weighted average rate method:

Date & Year	Receipts		Issue
	Qty.	Rate	Qty.
15.3.09	200	Rs.2.00	-

18.3.09	300	Rs.2.40	-
25.3.09	-	-	250
28.3.09	250	Rs.2.60	-
30.3.09	-	-	200

24. The following purchases and issue of a material item were made:

Date	Purchases		Issue
	Qty.	Rate	Qty.
01.05.2010	150	1.50	-
10.05.2010	450	1.75	-
11.05.2010	100	1.85	-
12.05.2010	-	-	150
18.05.2010	-	-	200
22.05.2010	600	1.80	-
28.05.2010	-	-	350

Prepare stores ledger by adopting Simple average rate method.

UNIT – III

1. State the methods of time booking.
2. State the methods of time keeping.
3. Discuss about the causes of idle time.
4. State the causes of labour turnover.
5. Discuss about the methods of calculating a labour turnover?
6. State merits & demerits of time rate system.
7. State the advantages & disadvantages of piece rate system.
8. From the following particulars, you are required to prepare a statement of labour cost showing the cost per day of 8 hours.
    (a) Monthly salary Rs.200
    (b) Leave salary 5% of salary
    (c) Employers contribution of provident fund 8% of (a) & (b)
    (d) Employers contribution to state insurance 2.5% of (a) & (b)

(e) Pro-rata expenditure on amenities to labour Rs.17.95 per head per month

(f) No. of working hours in a month 200.

9. From the following particulars calculate labour cost for a day of 8 hours:

   (a) Basic wages Rs.5 per day

   (b) Dearness allowances 25 paise for every point over 100 cost of living index. Present cost of living index 800 points.

   (c) Leave pay 5% of (a) & (b)

   (d) Employers contribution to Provident fund 8% of (a) & (b)

   (e) Employers contribution to state insurance 5% of (a),(b) & (c)

   (f) No. of working days in a month 25 days of 8 hours each.

10. The output of the worker A is 60 units in a 40 hours week. Graduated time rate is Rs.5 per hour. Ordinary piece rate is Rs.2 per unit. How the earnings of worker A under time rate and piece rate system.

11. Mr. A a worker in a factory is paid on time basis. During the month of October 2010 he was worked for 200 hours. His hourly wage rate is Rs.10 per hour.

    Mr. .B another employee of the company is paid on the basis of piece wages. During the month of October 2010 his output was 1000 units. Rate of wages per piece is Rs.3.

12. The output of a worker X is 100 units in 40 hours per week. Graduated time rate is Rs.4 per hour .Ordinary piece rate is Rs.2 per unit. Show the earnings of the worker under piece rate and time rate system.

13. A worker is paid at Rs.1.00 per hour for completing a work within 8 hours. If he completes the work within 6 hours, calculate his wages for 6 hours under Halsey plan when the rate of premium is 50%.

14. From the following data calculate the total wages of a worker under Halsey Premium plan:

    Hourly rate Rs.3

    Standard time 16 hours

    Time Taken 12 hours.

15. Calculate the earnings of a worker under Halsey – weir plan:

    Time allowed 48 hours

    Time taken 40 hours

Rate per hour Rs.10.

16. Calculate the earnings of a worker under Halsey – weir plan:

    Time allowed 48 hours

    Time taken 40 hours

    Rate per hour Rs.3

17. The following particulars apply to a job:

    Standard time 10 hours

    Time taken 8 hours

    Time rate Rs.2 per hour. Calculate his earnings under Rowan Plan.

18. From the following particulars calculate the earnings of A & B under Halsey Plan & Rowan plan:

    Standard Time 10hours

    Time rate Rs.10per hour

    Time taken 9 hours by A ; 8 hours by B.

19. Calculate the wages of workers under Barth Premium system:

    Standard time allowed 12 hours

    Rate per hour 0.50 paise

    Actual time taken: A- 16 hours; B- 12 hours; C-8 hours.

20. Standard time for a job 50 hours; Actual time taken 40 hours; Standard rate per hour Rs.10. Calculate wages as per Barth variable sharing plan.

UNIT – IV

1. Distinguish between Allocation & Absorption.
2. What is machine hour rate? How it is calculated?
3. What do you understand by under absorption and over absorption of overhead? Explain the causes and methods of dealing with both.
4. Discuss the features of contract costing.
5. Shiva Industries Ltd., has four Departments A, B & C are production department and D is the service department. The actual expenses for a month were as follows:

Rent	Rs.6000
Repairs to plant	Rs.3600
Depreciation	Rs.2700
Lighting charges	Rs.600
Supervision	Rs.9000
Insurance to stock	Rs.3000

Power	Rs.5400
Employees insurance	Rs.900

The following information is also available:

Particulars	Dept A	Dept B	Dept C	Dept D
Area in Sq., ft	300	220	180	100
No. of workers	48	24	24	16
Total wages	8000	6000	4000	2000
Value of plant	24000	18000	12000	6000
Value of stock	15000	9000	6000	-

Apportion the costs to four departments on the most equitable method.

6. X limited has 3 production departments A,B& C and 2 service departments D & E.

Following information relates to the month of January 2009.

Rent	Rs.10000
Depreciation for machine	Rs.20000
Motive power	Rs.3000
Indirect wages	Rs.23000
Lighting	Rs.1200

Additional Information:

Particulars	Production Department			service Departments	
	A	B	C	D	E
Area occupied(Sq.feet)	2000	2500	3000	2000	500
Light points	10	15	20	10	5
Direct wages (Rs.)	3000	2000	3000	1500	500
Horse power(KWH)	60	30	50	10	-
Value of plant (Rs.)	20000	80000	100000	5000	5000

Prepare overhead Distribution Statement.

7. Calculate the overhead allocable to production departments A & B from the following:

There are two service departments X & Y. X renders service to A & B in the ratio of 3:2 and Y renders service to A & B in the ratio of 9:1. Overhead as per primary Overhead distribution is:

A – Rs.49800; B – Rs.29600; X – Rs.15600; Y- Rs.10800

8. In a factory, the following particulars have been collected for the three months period ended on 31st March, 2002. You are required to re-apportion the service department expenses to production departments.

   Expenses as per primary distribution summary:

   P1 – Rs.8850 P2 – Rs.7165 P3- Rs.6285

   S1 – Rs.4515 S2 – Rs.6010

   Apportion the expenses of service department S2 in proportion of 3:3:4 and those of service department S1 in the ration of 3:1:1to departments P1,P2&P3 respectively.

9. The following details pertain to the production department of a factory:

Material consumed	Rs.60000
Direct wages	Rs.36000
Machine hours	Rs.18000
Labour hours worked	Rs.27000
Factory overhead	Rs.54000
Output during the year	Rs.9000

   Calculate overhead absorption rate under different methods possible from the above data.

10. The following details pertain to the production department of a factory:

Material consumed	Rs.60000
Direct wages	Rs.40000
Machine hours	50000
Labour hours worked	25000
Factory overhead	Rs.50000
Output during the year	Rs.9000

    Calculate overhead absorption rate under different methods possible from the above data.

11. Calculate the machine hour rate to cover overhead expenses indicated below:

Particulars	**Per Hour Rs**	**Particulars**	**Per Year Rs**
Electric Power	0.75	Rent	270
Steam	0.30	Repairs	550
Water	0.20	Running hours	2000

Original cost of the machine is Rs.15,000; Book value Rs.3,500; Replacement value Rs.11,500. Depreciation 10% on original cost.

UNIT – V

1. Explain the features of job costing.
2. State the merits & demerits of job costing.
3. Discuss the features of contract costing.
4. Explain the features of process costing.
5. Explain the advantages of process costing.
6. Discuss the limitations of process costing.
7. The following details pertain to the production department of a factory:

Material consumed	Rs.60000
Direct wages	Rs.36000
Machine hours	Rs.18000
Labour hours worked	Rs.27000
Factory overhead	Rs.54000
Output during the year	Rs.9000

   Calculate overhead absorption rate under different methods possible from the above data.
8. The following details pertain to the production department of a factory:

Material consumed	Rs.60000
Direct wages	Rs.40000
Machine hours	50000
Labour hours worked	25000
Factory overhead	Rs.50000
Output during the year	Rs.9000

   Calculate overhead absorption rate under different methods possible from the above data.
9. The following information is available from the job ledger in respect of job no: 606

   Materials Rs.3400

   Wages 80 hours at Rs.2.50

   Variable overheads incurred for all jobs are Rs.6000 for 4000 labour hours. Calculate the profit earned on job no.606, if it is billed for Rs.4220.
10. The following data is available in respect of job no:876

Direct material Rs.17000; Wages 160 hours at Rs.50 per hour. Variable overheads incurred for all jobs Rs.80000 for 2000 labour hours. Fixed overheads are absorbed at Rs.20 per hour. Find the profit or loss from the job if the job is billed for Rs.40000.

11. Jothi printers undertook two jobs during the 1st week of june. The following details are available.

Particulars	Job 501 Rs.	Job 601 Rs.
Material supplied	40000	20000
Wages paid	9000	6000
Direct expenses	2000	1000
Material transfer from job 601 to 501	2000	2000
Material returned to store	-	1000

Find out the cost of each job & profit or loss if any, assuming that job 601 is completed and invoiced to the customer at Rs.30000.

12. The following were the expenses on a contract which commenced on 1st January 2009.

Material purchases	Rs.10000
Material at the end	Rs.1250
Direct wages	Rs.15000
Plant issued	Rs.5000
Direct expenses	Rs.8000

The contract price was Rs.150000. It was duly received when the contract was completed on 30th September 2009. Charge on direct expenses at 15% on wages and provide Rs.1000 for depreciation on plant. Prepare the contract account and contractee's account.

13. From the following information given below, calculate the profit that can be credited to profit & loss account.

Notional Profit	Rs.79000
Cash	Rs.330000
Contract price	Rs.600000
Work Certified	Rs. 400000

14. How much profit would you consider reasonable to be transferred to profit & loss account in the following case?

Contract cost	Rs.560000
Contract value	Rs.1000000
Cash received	Rs540000
Uncertified work	Rs.60000

Deduction from bills by the way of security deposit is 10%.

15. How much profit would you consider reasonable to be transferred to profit & loss account in the following case?

Contract cost	Rs.1120000
Contract value	Rs.2000000
Cash received	Rs1080000
Uncertified work	Rs.120000

Deduction from bills by the way of security deposit is 10%.

16. The cost of production of 100 units consisting of materials Rs.5000, labour Rs.3000 and overheads Rs.688. The normal wastage is 4%. Show the process account.
17. The cost of production of 40 units consisting of materials Rs.1500, labour Rs.1300 and overheads Rs.164. The normal wastage is 5%. Show the process account.
18. The following expenditure is incurred in producing 2000 units of output:

Material (2000 units)	Rs.15000
Labour	Rs.8000
Indirect expenses	Rs.5150

Normal wastage is 5% of output. One unit of wastage is sold at Rs.15.50. Prepare process account.

19. The following expenditure is incurred in producing 200 units of output:

Material (200 units)	Rs.4000
Labour	Rs.3000
Indirect expenses	Rs.2000

Normal wastage is 5% of output. One unit of wastage is sold at Rs.16.50. Prepare process account.

20. 50 units are introduced into a process at a cost of Rs.50.The total expenditure incurred by the process is Rs.32. of the units introduced 10% are normally spoiled in the course of manufacture. The possess scrap value of Rs.0.20 each. Owing to an accident only 40 units are produced. Prepare process account.
21. From the following information, prepare a process account, Abnormal loss account & Normal loss account:

Direct materials	Rs.3960
Direct wages	Rs.6000
Production overheads	Rs.6000
Actual output t/f to process II	Rs.840 units
Normal Loss	Rs.10%
Value of scrap per unit	Rs.8

22. In a manufacturing a product, 1000 kgs of raw material at Rs.8 per kg were supplied to process X other expenses of the process were as follows:

Labour cost	Rs.2000
Production expenses	Rs.1000

Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs.2 per kg. the actual output in this process was 880kgs., which was transferred to process Y. Prepare process X account and Abnormal loss account.

23. From the following information, calculate total kilometers and total passenger kilo meters:

Number of buses	5
Days operated in a month	30
Trip made by each bus	4
Distance of route	30 kilometers long (One way)
Capacity of bus	60 passengers
Normal passenger travelling	80% of the capacity

24. From the following information, calculate total kms and total passenger kms:

    No. of buses 5; Days operated in a month 30; Trip made by each bus 4; Distance of route 20 kms long (One side) Capacity of the bus 50 passengers. Normal passengers travelling 75% of the capacity

25. From the following information, calculate total kilometers and total passenger kilo meters:

Number of buses	10
Days operated in a month	25
Round trips made by each bus	4
Distance of route	20km long
Capacity of bus	60 passengers
Normal passenger travelling	90% of the capacity

26. Two bus service ltd., run the following fleet of buses within the limits of Trichy:

Type	Buses	Carrying Capacity
Ordinary	10	50 passengers
Deluxe	15	40 passengers

On an average each bus makes 10 trips a day covering a distance of 8 kms in each trip and 90% of the seats are occupied. The annual records show that 5 buses are generally required to be kept away from the road each day for repairs. Calculate effective passenger kms for the month of April.

PART –C TEN MARKS

UNIT – I

1. Explain about the classification of cost.
2. Distinguish between cost accounting & financial accounting
3. Prepare a statement showing cost and profit for the year ended 31.12.2002.

Particulars	1.1.2008(Rs.)	31.12.2008(Rs.)
Raw materials	100000	123500
Furnished goods	71000	42000
Work in progress	31000	34000
Purchase of raw material		88000
Direct wages		70000
Indirect wages		2500
Work expenses		37000
Administrative expenses		13000
Sale of factory scraps		2000

Selling & distribution overhead	15000
Sale of finished goods	275000

4. You are required to compile a statement showing cost and profit from the following information:

Materials Purchased	Rs.200000
Wages	Rs.100000
Direct expenses	Rs.20000
Opening stock of raw material	Rs.40000
Closing stock of raw material	Rs.60000

Factory overhead is absorbed 20% on wages; Administrative overhead is 25% on the work cost; Selling & distribution overheads 20% on the cost of production; Profit is 20% on sales.

5. Prepare a statement giving the maximum possible information about cost and its break up for the year 2008.

Particulars	**Rs**	**Particulars**	**Rs**
Inventories at the Beginning:		Inventories at the End**:**	
Raw Material	16000	Raw Material	
Finished Goods	10500	Finished Goods	12000
			7000
Expenses:		**Salaries:**	
Direct	6250	Works Manager	62250
Factory	3750	General Manager	57000
Office	5500	Sales Manager	50000
Selling	4500		
Lighting:		**Insurance**	
Factory	6500	Factory	3200
Office	5600	Office	2400
Selling	4400		
Carriage:		Sales	300000
Inwards	1250		
Outwards	1750		

6. Prepare a statement of cost giving the following information:
   a) Prime Cost b) Work Cost c) Cost of production
   d) Cost of Sales e) Profit

Particulars	**Rs**

Raw materials consumed	40000
Indirect material	9000
Wages traceable to job	15000
Wages paid to maintenance worker	7500
Lubricating oil	3750
Consumable stores	4250
Repairs to plant & machinery	5100
Repairs to office building	1500
Postage & Telegram	1200
Audit fees	2800
Directors fees	6400
Legal expenses	3600
General expenses	1250
Gas & water	750
Advertising	4900
Packing charges	2200
Manager salary (2/3rd for factory & 1/3rd for Office)	12000
Interest received	1900
Loss on sale of plant	4000
Payment of sales tax	3100
Travelling expenses and commission	2500
Sales	150000

7. Prepare a statement of cost giving the following information:

Particulars	**1.4.08** **Rs**	**30.4.08** **Rs**
Stock of raw material	26000	15000
Work in progress	15000	10000
Finished goods	40000	51000
Purchase of raw material	-	174000
Direct wages	-	73000
Indirect wages	-	17000
Factory rent	-	24800
Office rent	-	18750
Warehouse rent	-	10500

Factory salary	-	55500
Office salary	-	50250
Salesman salary	-	47750
Direct expenses	-	18500
Indirect expenses	-	16200
Depreciation on Plant & Machinery	-	14000
Depreciation on office building	-	12000
Depreciation on delivery van	-	7500
Income tax	-	4500
Dividend	-	6000
Debenture interest	-	5400
Sales	-	580000

UNIT – II

1. State the purchase procedure.
2. Discuss about the techniques of inventory control.
3. Two components A & B are used as follows:

   Normal usage 50 units each per week; Minimum usage 25 units each per week; Maximum usage 75 units each per week; Re-order quantity A:300 units, B:500 units; Re-order period A 4 to 6 weeks; B 2 to 4 weeks. Calculate for each component 1. Re-order level 2.Minimum level 3.Maximum level 4. Average stock level.
4. Two types of materials X & Y are used in a factory as follows:

   Normal usage 600 units each per week

   Maximum usage 900 units each per week

   Maximum usage 300 units each per week

   Re- order quantity X 4800 units, Y 7200 units

   Re- order period X 4 to 6 weeks, Y 2 to 4 weeks

   Calculate: 1. Re-order level 2.Minimum level 3.Maximum level 4.Average stock level.
5. The stock in hand of a material as on 1.9.1986 was 500 units at Rs.1 per unit. The following purchases and issues were subsequently made. Prepare the stores ledger account showing how the value of the issues would be recorded under FIFO.

Purchases	Issues
6.9.1986 100 units @ Rs.1.10	9.9.86 500 units
20.9.1986 700 units @ Rs.1.20	22.9.86 500 units
27.9.1986 400 units @ Rs.1.30	30.9.86 500 units
13.10.86 1000 units @ Rs.1.40	15.10.86 500 units.

6. The following information is extracted from the stores ledger by adopting FIFO method.

Sep 1	Opening balance	500 units @ Rs.10
Sep 6	Purchases	100 units @ Rs.11
Sep 20	Purchases	700 units @ Rs.12
Sep 27	Purchases	400 units @ Rs.13
Oct 13	Purchases	1000 units @ Rs.14
Oct 20	Purchases	500 units @ Rs.15
Nov 17	Purchases	400 units @ Rs.16.

Issue of Material:

Sep 9	500 units
Sep 22	500 units
Sep 30	500 units
Oct 15	500 units
Oct 22	500 units
Nov 11	500 units

7. The following information is extracted from the stores ledger by adopting FIFO method.

Jan 1	Opening balance	500 units @ Rs.4
Jan 5	Purchases	200 units @ Rs.4.25
Jan 12	Purchases	150 units @ Rs.4.10
Jan 20	Purchases	300 units @ Rs.4.50
Jan 25	Purchases	400 units @ Rs.4

Issues of Material were as follows:

Jan 4	200 units
Jan 10	400 units
Jan 15	100 units
Jan 19	100 units

Jan 26 200 units

Jan 30 250 units

8. From the following particulars, prepare a stores ledger by adopting LIFO method:

Date	Purchases	Issues
1990, Jan 1	300 units @ Rs.10per unit	-
1990, Jan 10	200 units @ Rs.12 per unit	-
1990, Jan 15	-	250 units
1990, Jan 18	200 units @ Rs 14 per unit	-
1990, Jan 20	-	300 units
1990, Jan 25	100 units @ Rs.16 per unit	-
1990,Jan 31	-	100 units

9. The following information is provide by Coorg Coffee manufacturing unit for the fortnight of April 1996.You are required to prepare stores ledger by adopting LIFO method.

   Stock on 1.4.96 100 units @ Rs. 5 per unit

   Purchases: 5.4.96 300 units @ Rs.6

   Purchases 8.4.96 500 units @ Rs.7

   Purchases 12.4.96 600 units @ Rs.8

   Issues: 6.4.96 250 units

   Issues 10.4.96 400 units

   Issues 14.4.96 500 units

10. The following transactions occur in the purchase and issue of a material:

    Jan 2 Purchased 4000 units @ Rs.4.00 per unit

    Jan 20 Purchased 500 units @ Rs.5.00 per unit

    Feb 5 issues 2000 units

    Feb 10 Purchased 6000 units @ Rs.6.00 per unit

    Feb 12 Issued 4000 units

    Mar 2 Issued 1000 units

    Mar 5 Issued 2000 units

    Mar 15 Purchased 4500 units @ Rs.5.50 per unit

Mar 20 Issued 3000 units.

Prepare stores ledger account using (a) Simple average method & (b) Weighted average method.

UNIT – III

1. Explain about the various incentives or bonus methods of payment to workers.
2. From the following particulars supplied by the Personnel Department of a company, calculate labour turnover by applying: 1. Separation Method 2. Replacement Method 3. Flux method

Total number of employees at the beginning	2010
Total number of employees at the end	1990
Number of employees resigned	30
Number of employees discharged	50
Number of employees replaced	40.

3. From the following data given by the Personnel department, calculate labourturn over rate by applying: 1. Separation Method 2. Replacement Method 3. Flux method

At the beginning of the month 900, At the end of the month 1100

During the month, 10 workers left, 40 persons were discharged and 150 workers are recruited. Of these, 25 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

4. The following information is extracted from the records of a company for the month of October 1998, Calculate: 1. Separation Method 2. Replacement Method 3. Flux method

Number of employees at the beginning of the month	950
Number of employees at the end of the month	1050
Number of employees resigned	10
Number of employees discharged	30
Number of employees replaced in the vacancies	20
Number of employees appointed due to expansion scheme	120

5. With help of the following information, ascertain the wages paid to workers Ram &Shyam under Taylor's differential piece rate system.

Standard time allowed 40 units per hour

Normal time rate Rs.4 per hour

Differentials to be applied: 75% of piece rate when below standard 125% of piece rate when at or above standard.

In a day of 8 hours, the workers have produced as follows: Ram 280 units; Shyam 400 units.

6. Calculate the earnings of worker A and B under Taylor's differential piece rate system and straight piece rate system from the following particulars:

   Normal rate per hour Rs.18

   Standard time per unit 20 seconds

   Differentials to be applied: 80% of piece rate below standard, 120% of piece rate at or above standard

   Worker A produces 1400 units per day and Worker B produce 1500 units per day of 8 hours.

7. Calculate the earnings of workers X and Y under (a) Straight piece rate system & (b) Taylor's differential piece rate system from the following details:

   Standard time per unit 12 minutes

   Standard rate per hour Rs.60

   In a particular day of 8 hours worker X produced 30 units & worker Y produced 50 units.

8. Calculate the earnings of 3 workers A,B & C under Merrick multiple piece rate system:

   Standard production per day 150 units

   Normal piece rate Rs.0.50 per unit

   Production of workers on a particular day: A 120 units; B 140 units C 160 units.

9. The following particulars apply to a particular job, Calculate the wages of a worker under Merrick Multiple piece rate system:

   Standard production per hour 6 units

   Normal rate per hour Rs.1.20

   In a day of 8 hours X produces 32 units; Y produces 42 units; Z produces 50 units.

10. Calculate the earnings of worker A,B & C under straight piece rate system and Merrick Multiple Piece rate system:

    Normal rate per hour Rs.1.80

Standard time per unit 1 minute

Output per day of 8 hours is as follows: Worker A – 360 units; Worker B - 420 units; Worker C – 540 units.

UNIT – IV

1. Explain about the classification of overhead.
2. Discuss the different methods of overhead absorption.
3. Explain about the causes and methods of under & over absorption..
4. You are supplied with the following information. The primary overhead are: Production Departments A- Rs.7810; B- Rs.12543; C-Rs.4547

   Service Departments: X-4000; Y- Rs.2600

   Expenses of service departments X and Y are apportioned as under:

Particulars	A	B	C	X	Y
X	30%	40%	20%	-	10%
Y	10%	20%	50%	20%	-

   Find the total overhead of production departments on the Repeated Distribution summary.

5. You are supplied with the following information. The primary overhead are: Production Departments A- Rs.6300; B- Rs.7400; C-Rs.2800

   Service Departments: X-4500; Y- Rs.2000

   Expenses of service departments X and Y are apportioned as under:

Particulars	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

   Find the total overhead of production departments on the Repeated Distribution summary.

6. The following is the departmental distribution summary of Ganesh Industries:

   The Production Departments X – Rs.3000 Y – Rs.2000 Y – Rs.1000

   The Service Department A – Rs.234 B – Rs.300

   The expenses of the service departments are changed out on a percentage basis as shown below:

Particulars	X	Y	Z	A	B
A	20%	40%	30%	-	10%

B	40%	20%	20%	20%	-

Prepare a statement showing the apportionment of service department expenses to production department by adopting Simultaneous equation method.

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

Profit as per cost accounts	Rs.25000
Closing stock over valued in cost book	Rs.12500
Preliminary expenses written off	Rs.3000
Profit on sale of building	Rs.30000
Administrative expenses over recovered in cost books	Rs.50375
Works overhead under recovered in cost books	Rs.30375
Bank interest & transfer fee in financial books	Rs.5000
Interest on investments recorded in financial books	Rs.10000
Depreciation shown excess in cost books	Rs.4000
Provision made for income tax	Rs.40000

8. Prepare a reconciliation statement from the following data:

Net profit as per financial book	Rs.63780
Net profit as per cost book	Rs.66760
Factory overheads under recovered in costing	Rs.5700
Administrative overhead recovered in excess	Rs.4250
Depreciation charged in financial book	Rs.3660
Depreciation recovered in costing	Rs.3950
Interest received but not included in costing	Rs.450
Income tax provided in financial books	Rs.600
Bank interest credited in financial books	Rs.230
Stores adjustment (credited in financial book)	Rs.420
Depreciation of stock charged in financial books	Rs.860
Dividend appropriated in financial books	Rs.1200
Loss due to pilferage provide only in financial books	Rs.260

UNIT – V

1. Distinguish between job costing & process costing.
2. Distinguish between job costing & contract costing.

3. From the following data given below, prepare (a) Consolidated jobs account & (b) Consolidated work – in – progress account.

particulars	Completed jobs	Work in progress
Material issued from stores	4500	1500
Chargeable expenses	500	200
Wages	5000	2000
Material transferred to work in progress	100	100
Material returned to store	300	-

Factory overhead is 80% of wages. Office overhead is 25% of work cost. The value of executed jobs during the year was Rs.20500.

4. The following direct costs were incurred on Job No: 202 of Vanaja Industries:

Materials	Rs.4300
Wages: Department A	60 hrs @ Rs. 3 Per hour
Department B	40hrs @ Rs.2 per hour
Department C	20 hrs @ Rs.5 per hour

Overhead expenses of these departments were estimated as under. Variable overheads:

Department A	Rs.5000 for 5000 labour hours
Department B	Rs.3000 for 1500 labour hours
Department C	Rs.1500 for 500 labour hours

Fixed overhead are estimated at Rs.20000 for 10000 normal working hours. Calculate the cost of Job No.202 and the price to give a profit of 25% on selling price.

5. The following particulars were relate to a certain contract carried out by Lavanya Builders during the year ended 30th June 2009:

Particulars	Rs	Particulars	Rs
Work certified	143000	Establishment charges	3250
Material issued	64500	Direct expenses	2600
Labour cost	54800	Wages accrued due	1800
Plant installed	11300		

Value of plant(closing)	8200	Material closing balance	1400
Uncertified work	3400		
Cash received	130000	Material returned to site	400
Contract price	200000		

Prepare contract account and transfer to the profit & loss account the proportion of the profit which you consider reasonable.

6. The following was the expenditure on a contract for Rs.600000. Work commenced in January 2009.

Materials	Rs.120000
Wages	Rs.164400
Plant	Rs.20000
Business expenses	Rs.8600

Cash received on account was Rs.240000 being 80% of work certified. Value of materials on hand at 31.12.2009 was Rs.10000. prepare the contract account for 2009 shoeing the profit to be credited to profit & loss account. Plant is to be depreciated at 10%.

7. Product A passes through three distinct processes. The product is transferred to finished stock after the third process. Prepare process account from the following given below:

Particulars	Process I	Process II	Process III
Direct material	4000	600	550
Direct labour	1500	1600	900
Direct expenses	650	400	-

Total production overheads during the period were Rs.6000. It is to be apportioned to different processes on the basis of 150% of direct labour. There was no opening or closing stock. Production during the period was 200 units.

8. Calculate the cost of each process and total cost of production from the data given below:

Particulars	Process I	Process II	Process III
Material	2250	750	300
Wages	1200	3000	900
Direct expenses	500	500	500
Works overhead	1890	2580	1875

Other indirect expenses of Rs.1275 should be apportioned on the basis of wages.

9. From the following data calculate the cost of abnormal gain and prepare Process account:

Input introduced in Process I	2000 units
Output	1900 units
Normal loss (% of input)	10%
Value of scrap per unit	Rs.2
Cost of materials, labour and overheads	Rs.36000.

10. From the following information, prepare a process account, Abnormal Gain account and normal loss account:

Overheads	Rs.80000
Transfer of actual output to process II	750units
Normal loss	15%
Value of scrap per unit	Rs.100 per unit.

11. 100 units are introduced into process I at a cost of Rs.9600 and an expenditure of Rs.4800 is incurred. From past experience, it is ascertained that wastage normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs.10 per unit. The actual output of Process I is 90 units, transferred to process II. Prepare I account, Abnormal Gain account.