

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – November 2009

BC 5501/CR 5501 - COST ACCOUNTING

Date & Time: 05/11/2009 / 9:00 - 12:00 Dept. No.

Max. : 100 Marks

PART – A

Answer ALL questions

(10 x 2 = 20 marks)

Explain the following:

1. Merrick Multiple Piece Rate plan
2. Perpetual inventory system
3. Conversion Cost
4. Cost plus contract
5. Labour turnover
6. Standard time for a job is 48 hours. A completes the job in 40hours. His hourly rate is Rs.5.
Calculate his earnings under Rowan Plan.
7. Annual requirement 1600 units. Material cost per unit Rs.40. Cost of placing and receiving an order Rs.50. Annual carrying cost of inventory 10% of inventory value.
8. 1000 units are introduced in Process 1. 800 units are completed and transferred to Process 2. 200 units remained as closing work in progress, 50% complete. If the total cost of Process 1 is Rs.9000, calculate the value of the closing work in progress.
9. The following data relate to material A.
Re-order quantity 1000 units. Delivery period 3 to 5 weeks. Weekly consumption 200 to 400 units. Calculate the maximum stock level.
10. A 5 ton lorry runs between two towns 100 kms apart. It makes one round trip a day and runs for 30 days in a month. It carries full load on the outward journey, but returns with only a 20% load. If the expenses of the month are Rs.90000, calculate the cost per tonne kilometer.

PART- B

Answer ANY FIVE questions.

(5 x 8 = 40 marks)

11. Why is it necessary to reconcile the profit shown by Cost Accounts and Financial Accounts?
Explain the main reasons for the difference in the profits.
12. Distinguish between:
 - a) Bin card and Stores Ledger
 - b) Fixed, Variable and Semi variable costs.
13. From the following data relating to Material X, prepare the Stores ledger under Weighted Average method.

Jan 1 st	Opening balance 500 units at Rs.4 per unit
4 th	Issued 200 units
5 th	Received 300 units at Rs.4.25 per unit
10 th	Issued 400 units
12 th	Received 150 units at Rs.4.10 per unit
15 th	Issued 100 units

On the 15th the stock verifier noticed a shortage of 10 units

14. The following data relates to X Ltd for the month of April 2009:

Raw material consumed Rs.15,000
Direct wages Rs.9,000
Machine hours worked 900
Machine hour rate Rs.5
Office overheads 20% of Works cost
Selling overheads 50 paise per unit sold
Units produced 17,100
Units sold 16,000 at Rs.4 per unit

Prepare a statement showing Cost and Profit per unit.

15. A transport company has been given a route 20 km long to run a bus. The bus costs Rs.50,000. It is insured at 3% per annum and the annual road tax is Rs.1000. Garage rent is Rs.100 per month. Annual repairs will be Rs.6000 and the bus is likely to last 5 years with an estimated scrap value of Rs.5000 at the end of its life. The running crew will be paid a salary of Rs.6000 per month. Office expenses will amount to Rs.3025 per month. Petrol and oil will cost Rs.250 per 100 kms. The bus will make 2 round trips per day, carrying on an average 30 passengers per trip. If the company wants a profit of 25% on takings, calculate the fare to be charged from each passenger. Assume the bus will run for 30 days in a month.

16. From the following data, calculate the earnings of workers A and B under Straight Piece Rate system and Taylors Differential Piece Rate System.

Normal rate per hour Rs.18
Standard time per unit 30 seconds
Differential to be applied :

80% of piece rate for production below standard
120% of piece rate for production above standard

In a day of 8 hours, A produces 920 units and B produces 1200 units.

17. From the following data relating to a machine, calculate the Machine Hour rate:

Shop rent Rs.4800 per annum (there are 5 identical machines in the shop)
Depreciation per machine Rs.500 per annum
Repairs Rs.800 per annum, per machine
There are two attendants for the 5 machines and they are paid Rs.600 each, per month. There is one supervisor who is paid Rs.1000 per month for looking after the 5 machines.
Consumable stores amount to Rs.50 per month, per machine.
A machine uses 10 units of power, per hour.
Cost of power per unit is Re.1
A machine is expected to work for 2200 hours per annum, of which 200 hours are used for setting up the machine.

18. A company has 3 Production departments and 2 Service departments. For a period the departmental Overhead expenses have been calculated as follows:

Production Departments

Dept A Rs.800
Dept B Rs.700
Dept C Rs.500

Service Departments

Dept X Rs.234
Dept Y Rs.300

The expense of the Service Department are charged on a percentage basis as follows:

Dept X - 20% to Dept A, 40% to Dept B, 30% to Dept C and 10% to Dept Y.
Dept Y - 40% to Dept A, 20% to Dept B, 20% to Dept C and 20% to Dept X.

The Machine hours in Dept A, B and C are estimated at 300, 200 and 150 hours respectively.

Calculate the Works Cost of Job No.236, which requires material Rs.300, Labour Rs.250 and uses 6 hours of machine time in Dept A, 4 hours in Dept B and 5 hours in Dept C.

PART - C

Answer ANY TWO questions

(2 x 20 = 40 marks)

19. The following information relates to a building contract for Rs.10 lakhs, commenced on 1st January 2006, for which 80% of the value of work certified is paid by the Contractee.

	<u>2006(Rs)</u>	<u>2007(Rs)</u>	<u>2008(Rs)</u>
Material issued	1,20,000	1,45,000	84,000
Wages	1,10,000	1,55,000	1,10,000
Other expenses	7,000	19,600	6,500
Value of Plant issued	14,000	-	-
Works certified as on 31 st Dec	2,35,000	7,50,000	10,00,000
Work uncertified as on 31 st Dec	2,800	8,000	-
Material at site on 31 st Dec	2,000	5,000	8,000
Value of Plant on 31 st Dec	11,200	7,000	3,000

Prepare Contract Account and the Contractee's Account for all the three years. Also show the entries in the Balance Sheet as on 31st December 2006 and 2007.

20. A Ltd furnishes you the following data for the year ending 31st March 2009:

- Profit as per financial records Rs.60,652
- Works overheads under-recovered in cost Rs.1,560
- Administration overheads over-recovered in cost Rs.850
- Depreciation charged in Financial Accounts Rs.5,600
- Depreciation recovered in cost Rs.6,250
- Interest on investments Rs.4,000
- Income tax Rs.20,150
- Obsolescence loss charged in financial account Rs.2,850
- Transfer fees Rs.375
- Stores adjustment (Cr) in financial books Rs.237
- Opening stock in Cost Accounts Rs.24,800
- Opening stock in Financial Accounts Rs.26,300
- Closing stock in Costing Rs.25,000
- Closing stock in Financial Accounts Rs.23,000
- Interest charged in Cost Accounts RS.2,000
- Goodwill written off Rs.5,000
- Loss on sales of furniture Rs.600

Prepare a Reconciliation statement and ascertain profits as per Cost Account.

21. A product is obtained after passing through 3 processes, A, B and C.

10,000 units are introduced in Process A at a cost of Rs.1 per unit.

Other information relating to the Processes are:

	A	B	C
Material (Rs)	1000	1500	500
Labour (Rs)	5000	8000	6500
Direct expenses (Rs)	1050	1188	2009
Output in units	9500	9100	8100
Process loss (% on input)	3%	5%	8%
Sale value of scrap per unit	25p	50p	Re.1

Prepare Process accounts, Abnormal Loss Account, Abnormal Gain Account and Normal loss Account.

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