



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – APRIL 2016

CO 4505 / CO 5501 - COST ACCOUNTING

Date: 22-04-2016
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART – A

Answer ALL Questions.

(10 x 2 = 20)

1. What are the elements of costs?
2. What is meant by “ Idle Time”?
3. What is “Machine Hour Rate”?
4. Define Job Costing.
5. What is meant by Normal loss in Process costing?
6. Calculate works cost:

Factory expenses	Rs. 700
Office expenses	300
Selling expenses	900
Materials consumed	3,400

7. Find out the profit as per Cost Accounts from the following:

Profit as per Financial records	Rs. 60,000
Depreciation charged in Financial Accounts	10,000
Depreciation recovered in Cost Accounts	8,000

8. Find out the Economic Order Quantity from the following particulars:

Annual usage	: 6,000 units
Cost of Material per unit	: Rs. 20
Cost of placing and receiving one order	: Rs. 60
Annual carrying cost of one unit	: 10% of Inventory value.

9. Calculate the total earnings from the following data under Halsey Plan :

Standard Time	: 10 hours
Time Taken	: 8 hours
Time Rate	: Rs. 2.50 per hour

10. From the following information provided by the production department of a factory calculate the overhead recovery rate on the basis of direct material:

Materials used	Rs. 54,000
Direct wages	45,000
Overhead chargeable to the department	36,000

PART – B**(4 x 10 = 40)****Answer Any FOUR Questions.**

11. Explain the steps to be taken for the installation of a costing system.
 12. What is Labour Turnover? Explain its causes and effects.
 13. From the following particulars, calculate earnings of a worker under :
 (a) Time rate system (b) Piece wage rate (c) Halsey plan (d) Rowan plan

Wage rate	: Rs. 2 per hour
Production per hour	: 4 units
Dearness allowance	: Re. 1 per hour
Standard time fixed	: 80 hours
Actual time taken	: 50 hours
Production	: 250 units

14. Calculate the Machine hour rate for the following machine whose scrap value is 'nil' :

- (I) Cost of machine : Rs. 3,60,000
 (II) Freight and installation : Rs. 40,000
 (III) Working life : 20 years
 (IV) Working hours : 8,000 per year
 (V) Repair charges : 50% of depreciation
 (VI) Power : 10 units per hour @ 10 paise per unit
 (VII) Lubricating oil @ Rs. 2 per day of 8 hours
 (VIII) Consumable stores @ Rs. 10 per day of 8 hours
 (IX) Wages of operator @ Rs. 4 per day

15. During the year 2008 , X Ltd., produced 50,000 units of a product. The following were the expenses :
 Rs.

Stock of raw materials on 1.1.2008	10,000
Stock of raw materials on 31.12.2008	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

Prepare a Cost sheet showing cost per unit and total cost at each stage.

16. Two materials , X and Y , are used as follows:
 Minimum usage - 50 units per week each
 Maximum usage - 150 units per week each
 Normal usage - 100 units per week each
 Ordering quantity : X - 600 units and Y - 1,000 units
 Delivery period : X - 4 to 6 weeks
 Y - 2 to 4 weeks

Calculate for each material :

- (a) Minimum level (b) Maximum level and (c) Ordering level

17. From the following data calculate the cost per km. of a vehicle :

Rs.

Value of vehicle	15,000
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Road licence fee per year	500
Insurance charges per year	100
Garage rent per year	600
Driver's wages per month	200
Cost of petrol per litre	0.80
Km. per litre	8
Proportionate charges for tyre and maintenance per km.	0.20
Estimated life	1,50,000 kms.
Estimated annual kilometres	6,000

Ignore interest on capital.

PART – C

(2 x 20 = 40)

Answer Any TWO Questions.

18. Prepare stores ledger account under LIFO method from the following information :
2007

January 1	Opening stock	1,000 units at Rs. 26 each
5	Purchased	500 units at Rs. 24.50 each
7	Issued	750 units
10	Purchased	1,500 units at Rs. 24 each
12	Issued	1,100 units
15	Purchased	1,000 units at Rs. 25 each
17	Issued	500 units
18	Issued	300 units
25	Purchased	1,500 units at Rs. 26 each
29	Issued	1,500 units

19. M Ltd., production departments A , B , and C , and two service departments S1 and S2 .

Monthly expenses in Rs :

Rent - 5,000 ; Indirect wages - 1,500 ; Lighting - 600 ; Depreciation - 10,000 ;

Power - 1,500 ; Sundries - 10,000.

Additional information:

Particulars	Production Departments			Service Departments	
	A	B	C	S1	S2
Floor space	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Wages Rs.	3,000	2,000	3,000	1,500	500
H.P of machines	60	30	50	10	-
Value of machines Rs.	60,000	80,000	1,00,000	5,000	5,000

Working hours	6,226	4,028	4,066		
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The expenses of S1 and S2 are allotted as follows :

Departments	A	B	C	S1	S2
S1	20%	30%	40%	-	10%
S2	40%	20%	30%	10%	-

Calculate overhead charges recovery per hour.

20. Following information is extracted from the job ledger , in respect of Job 707 :

Materials : Rs. 3,400
Wages : Department A : 80 hours at Rs. 2.50 per hour
Department B : 60 hours at Rs. 4 per hour
Variable overheads : Department A : Rs. 5,000 for 4,000 direct hours
Department B : Rs. 6,000 for 3,000 direct hours
Fixed overheads : Rs. 7,500 for 10,000 hours of normal working time of the factory.
Calculate the cost of Job No. 707 and estimate the percentage of profit if the price quoted is Rs. 4,750.

21. S industries produces a product which passes through two processes I and II and then to finished stock. It is ascertained that in each process 5% of the total weight put in is lost and 10% is scrap which realizes Rs. 5 per ton and Rs. 15 per ton respectively in process I and II. The following details are available:

	Process I	Process II
Materials consumed in tons	2,000	140
Cost of materials per ton Rs.	200	300
Wages Rs.	20,000	15,000
Manufacturing expenses Rs.	6,000	5,000

Prepare process accounts showing the cost of the output of each process and cost per ton.