



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH & FIFTH SEMESTER – APRIL 2017

CO 4505 / CO 5501 - COST ACCOUNTING

Date: 27-04-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART – A (10 * 2 = 20 Marks)

Answer ALL questions. All questions carry equal marks.

1. What is meant by Contract Costing?
2. What do you understand by ABC Analysis?
3. What do you mean by Labour Turnover?
4. What is meant by Straight Piece Rate System?
5. What do you mean by Operating Costing?
6. Prepare a Cost Sheet from the following:

Particulars	Rs.
Direct Materials	50,000
Direct Wages	15,000
Factory Expenses	5,000
Office Expenses	1,000
Selling Expenses	500

7. Ascertain the Profit as per Cost Accounts from the details given below.

Particulars	Rs.
Profit as per Financial Accounts	35,000
Dividends received on Investments	5,200
Loss on Sale of Buildings	4,000

8. Standard time – 10 Hours,
Number of units to be completed – 5 Units,
Hourly Rate – Re.0.25
Time taken – 8 Hours.
Calculate a worker's total earnings under Rowan Plan.
9. Find out the Economic Order Quantity, the number of orders per year and their frequency from the following information:
Monthly Consumption – 3,000 Units.
Cost Per Unit – Rs.54
Ordering Cost – Rs.150 per order.
Inventory Carrying Cost – 20% of the Average Inventory
10. A Company produces 300 units of Product R, 200 units of Product 'S' and 100 units of Product J from a single process. The costs upto the point of separation amounted to Rs.30,000. You are required to apportion the joint cost of production among the products by using the average unit cost method.

PART – B (4 * 10 = 40 Marks)

Answer any FOUR questions. All questions carry equal marks.

11. Distinguish between Financial Accounting and Cost Accounting.
12. What do you understand by 'Overheads'? What are its types?
13. Two components A and B are used as follows:

Reordering quantity: A 1,200 Units
 B 1,000 Units
Reordering period: A 2 to 4 weeks
 B 3 to 6 weeks
Normal usage - 300 units per week each.
Minimum usage - 150 units per week each.
Maximum usage - 450 units per week each.

You are required to calculate the following for each of the components.

- (a) Reordering level (b) Maximum level (c) Minimum level (d) Average stock level.

14. Calculate the earnings of three workers A, B and C under (a). "Taylors Differential Piece Rate System" and (b). 'Merrick's 'Multiple Piece Rate System', given the following

Standard Production Per Day: 150 units

Normal Piece Rate: Re.0.50 per unit

Production of workers on a particular day:

- A. 120 units
B. 140 units
C. 160 units

15. A manufacturing concern has three production departments and two service departments. In July 1990, the departmental expenses were as follows:

<i>Particulars</i>	<i>Amount (Rs.)</i>
Production Departments	
A	16,000
B	13,000
C	14,000
Service Departments	
X	4,000
Y	6,000

The service department expenses are charged out on a percentage basis, viz.,

	A	B	C	X	Y
Expenses of department X	20%	25%	35%	—	20%
Expenses of department Y	25%	25%	40%	10%	—

Prepare a statement of secondary distribution under repeated distribution method.

16. Modern Printers undertook two jobs during the 1st week of June 1998. The following details are available:

Particulars	Job 110 Rs.	Job 120 Rs.
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material Transfer from Job 120 to Job 110	200	200
Material returned to stores	Nil	100

Find the cost of each job and profit or loss if any, assuming that job 120 is completed and invoiced to the customer at Rs.3,000.

17. In manufacturing a product, 1,000 kgs of raw materials at Rs.8 per kg were supplied to Process 'X', Other expenses of the process were as follows:

Labour cost Rs.2,000

Production expenses Rs.1,000

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 880 kgs which was transferred to process 'Y'. Prepare process 'X' account and abnormal loss account.

PART – C (2 * 20 = 40 Marks)

Answer any TWO questions. All questions carry equal marks.

18. Prepare stores ledger account under FIFO Method and Weighted Average Cost method from the information given:

Date	Particulars
01.07.1998	Opening stock 2,000 units at Rs. 10 each
05.07.1998	Received 1,000 units at Rs. 11 each
06.07.1998	Issued 500 units
10.07.1998	Received 5,000 units at Rs. 12 each
12.07.1998	Received back 50 units out of the issue made on 6 th July
14.07.1998	Issued 600 units
18.07.1998	Returned to supplier 100 units out of goods received on 05.07.1998
	Received back 100 units out of the issue made on 14.07.1998
19.07.1998	Issued 150 units
20.07.1998	Received 500 units at Rs. 14 each
25.07.1998	Issued 300 units.
28.07.1998	

The stock verification report reveals that there was a shortage of 10 units on 18th July 1998 and another shortage of 15 units on 26th July 1998.

19. The following details have been obtained from the cost records of Raja Sekhar Ltd.

Particulars	Rs.
Stock of raw materials on 1 st Dec. 1994	75,000
Stock of raw materials on 31 st Dec. 1994	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress 1 st Dec. 1994	28,000
Work-in-progress 31 st Dec. 1994	35,000
Purchases of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods (1 st Dec. 1994)	54,000
Stock of finished goods (31 st Dec. 1994)	31,000

Prepare a Cost Sheet giving the maximum possible break up of costs and profit.

20. A Product passes through three processes – A, B & C. The details of expenses incurred on the three processes during the year 2010 were as under:

Particulars	A	B	C
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Units Issued	1,000		
Cost per unit issued (Rs.)	50		
Sundry Materials (Rs.)	1,600	3,315	3,220
Labour (Rs.)	2,600	8,000	6,392
Sale price of output (per unit in Rs.)	70	100	200

Actual output of the three processes was A – 930 units; B – 540 units & C – 210 units.

Two-thirds of the output of process “A” and one-half of the output of process “B” was passed on to the next process and the balance was sold. The entire output of process C was sold.

The normal loss of the three processes, calculated on the input of every process was:

Process “A” – 5% Process B – 15% and Process C – 20%

The loss of process A was sold at Re.1/- per unit, that of process B at Rs.3/- per unit and that of process C at Rs.6/- per unit.

Selling expenses were Rs.9,000/-. These are not allocable to the processes.

Prepare the three Process accounts and Profit and Loss A/c.

21. A. From the following information, calculate the labour turnover rate: under different methods

Number of workers at the beginning of the period: 3,800

Number of workers at the end of the period: 4,200

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year; of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

(6 Marks)

B. Krishna producing concern is divided into four departments. ‘A’, ‘B’, ‘C’ are production departments and ‘D’ is a service department. The actual expenses for a period are as follows:

Particulars	Rs.
Rent	10,000
Repairs to plant	6,000
Depreciation of plant	4,500
Lighting expenses	1,000
Supervisory expenses	15,000
Fire insurance (On Stock)	5,000
Power	9,000
Employer’s liability for insurance	1,500

The following information is available in respect of the four departments:

Departments

Particulars	A	B	C	D
Area (Sq. feet)	1,500	1,100	900	500
Number of lights	75	11	9	5
Number of employees	200	150	100	50
Total Wages (Rs.)	60,000	40,000	30,000	20,000
Value of plant (Rs.)	2,40,000	1,80,000	1,20,000	60,000
Value of stock (Rs.)	1,50,000	90,000	60,000	—

Apportion the costs to the various departments on the most equitable method.(14 Marks)
