LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **COMMERCE**

FOURTH SEMESTER – **APRIL 2018**

CO 4505– COST ACCOUNTING

Date: 08-05-2018 Dept. No. Max. : 100 Marks

Time: 01:00-04:00

PART – A

ANSWER ALL THE QUESTIONS: **(10 x 2 = 20 marks)**

1. What is Cost Accounting?
2. Calculate EOQ from the following particulars.

   Annual consumption of material: 20,000 units

   Buying cost per order Rs.10

   Cost per unit Rs.100

   Cost of carrying inventory 10% of cost
3. Define Labour turnover.
4. What is overtime?
5. What do you mean by overhead?
6. Write the formula for direct labour hour rate method.
7. What is Direct Expenses?
8. What is Prime cost?
9. Write short notes on transport costing?
10. Define joint product.

PART – B

ANSWER ANY FOUR QUESTIONS: **(4 x 10 = 40 marks)**

11. Discuss the difference between cost accounting and financial accounting.
12. Explain the classification of cost in detail.
13. From the following details, ascertain the amount of cash required for payment of salaries in a firm for the month of April:
    (i) Normal time salaries Rs. 75,000
    (ii) Dearness allowance 15% of (i) above
    (iii) Leave salary 6% of (i) and (ii) above
    (iv) Employee's contribution to E.S.I and P.F. 3% and 5% respectively on (i) and (ii) above.
    (v) Income tax deducted at source Rs. 4,500.
    (vi) Deduction for insurance premium Rs. 5,750.

(vii) Festival advance to be recovered from 50 employees at Rs. 125 per employee.

(viii) Employer also contributes an equal amount towards E.S.I & P.F.

14. From the data given below, compute machine hour rate:

Cost of the machine	Rs. 90,000
Installation charges	Rs. 10,000
Estimated scrap value	nil
Estimated repair charges per year	Rs. 1,000
Estimated working life of the machine	10,000 hours
Standing charges allocated to the machine per year	Rs. 6,000
Estimated working hours per year	2,000 hours

Power consumption of the machine is 20 units per hour and the rate of power per 100 units is Rs.10.

15. A factory produces 100 units of a commodity. The cost of production is:

	Rs.
Materials	10,000
Wages	5,000
Direct expenses	1,000

Factory overheads are 125% on wages; office overheads are 20% on works cost. Expected profit is 25% on sales. Calculate the price to be fixed per unit.

16. From the following particulars, calculate earnings of a worker under:
    a. Time rate system
    b. Piece wage rate
    c. Halsey plan and
    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

17. Mr. Vishnu runs a tempo service in the city. He furnishes you with the following data and wants you to compute the cost per running km.

	Rs. P
Cost of vehicle	25,000
Road licence fee per annum	750
Supervisor's salary per annum	1,800
Driver's wage per hour	4
Cost of fuel per litre	6.50
Repairs and maintenance per km	1.50
Tyre allocation per km	2.00
Garage rent per annum	3,200
Annual insurance premium	1,200

Km. run per litre – 6
Km. run during the year – 12,000
Estimated life of vehicle in km – 1,00,000
The vehicle runs 20 km per hour on an average.

PART – C

ANSWER ANY TWO QUESTIONS: **(2 x 20 = 40 marks)**

18. The following information is extracted from the stores ledger:

Sep 1.	Opening balance 500 units at Rs. 10
Sep 6	Purchases 100 units at Rs. 11
Sep 9	Issued 500 units
Sep 20	Purchases 700 units at Rs. 12
Sep 22	Issued 500 units
Sep 27	Purchases 400 units at Rs. 13
Sep 30	Issued 500 units
Oct 13	Purchases 1,000 units at Rs. 14
Oct 15	Issued 500 units
Oct 20	Purchases 500 units at Rs. 15
Oct 22	Issued 500 units
Nov 11	Issued 500 units
Nov 17	Purchases 400 units at Rs. 16

Issues are to be priced on the principle of "FIFO" and "Weighted Average Cost Method". Prepare the stores ledger account.

19. The problem of a company passes through three distinct processes to completion. There are known as A, B and C. From the past experience it is ascertained that loss is incurred in each process as follows:

Process A-2%; Process B-5%; Process C-10%

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of process A and B is sold at Rs.5 per 100 units and that of Process C at Rs.20 per 100 units.

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials consumed	6,000	4,000	2,000
Direct labours	8,000	6,000	3,000
Manufacturing expenses	1,000	1,000	1,500

20,000 units have been issued to process A at a cost of Rs.10,000.

The output of each process has been as under:

Process A – 19,500 units; Process B – 18,800 units; Process C – 16,000 units

There is no work-in-progress in any process. Prepare Process Account.

20. Koushik Ltd has two production and two service departments namely P_1 and P_2, and S_1 and S_2 respectively. From the following information prepare a statement showing primary distribution of overheads:

Details	P_1	P_2	S_1	S_2
Area (Sq.feet)	1,000	800	200	400
Assets value (Rs. '000)	200	100	60	20
No. of workers	80	40	40	20
Light points	20	12	4	4
H.P. of machine	20	10	8	2
Direct Wages (Rs. '000)	20	16	10	6
Direct materials (Rs. '000)	30	20	6	4

Total expenses and charges during the period ended are:

Rent, rates and taxes	18,000
Power	12,500
Insurance	9,500
Depreciation	38,000
Canteen expenses	5,400
Electricity	3,600
Indirect materials	6,000
Indirect wages	10,400
Repairs and maintenance	19,000
Sundries	5,200

21. The following figures relate to the costing of a Aditya manufactured in respect of a certain type of a sheet for a period of three months:

	Rs.
Stock of materials (1-1-2013)	11,000
Stock of materials (31-3-2013)	7,000
Productive wages	1,66,000
Materials purchased	1,23,000
Sales	2,87,100
Indirect expenses	26,000
Completed stock (1-1-2013)	NIL
Completed stock (31-3-2013)	58,000

The number of sheets manufactured during three months was 4,400 and the price is to be quoted for 1,296 sheets in order to realise the same percentage of profit as for the period under review, assuming no alternation in rates of wages and cost of materials.

Prepare a statement of cost for the manufacture of 4,400 sheets and quotation for 1,296 sheets.

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