

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

**FIFTH SEMESTER – November 2009**

**CO 5501 - COST ACCOUNTING**

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

Max. : 100 Marks

**SECTION – A**

**(10 X 2 = 20 Marks)**

**Answer all questions.**

1. Define 'Cost', 'Costing' and 'Cost Accounting'.
2. The following details are obtained from the books of Ganesh Ltd., for the quarter ended 31.03.2005. Ascertain the direct material consumed for the period.

	Rs.		Rs.
Materials purchased	4,48,000	Import duty on materials purchased	38000
Stock of materials on 1.1.2005	1,62,000	Carriage on materials purchased	40000
Stock of materials on 31.3.2005	1,46,000	Realisation from material scrap	14000
3. Write a note on ABC analysis.
4. Calculate Economic Order Quantity and number of orders to be placed in each year from the following details:

Annual consumption of materials	=	4000 units
Cost of buying per order	=	Rs.5 ; cost per unit = Rs.2
Storage and carrying cost	=	8% on average inventory
5. Explain Halsey Plan.
6. The time card of a worker reveals that in a normal week of 48 hours, he worked for 52 hours at the rate of Rs.15 per hour. Taking overtime premium at 100% of the time rate, calculate the gross wages.
7. The under mentioned details relate to the quarter ended 30<sup>th</sup> September 2004;

Work expenses Rs.80,000	;	Finished production 18,000 units
Work in progress (50% complete)		4,000 units.

Ascertain over head absorption rate per unit of production.
8. What is meant by 'Absorption of overheads'?
9. A Transport company operates 4 buses on a route 100 Kms. Long. Each bus makes three round trips per day on all 30 days in a month. On an average 20% of the vehicle are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one month period.
10. What are joint products?

**SECTION – B**

**Answer any FIVE questions**

**(5 X 8 = 40 Marks)**

11. What are the essentials of a good costing system?
12. What is Process costing? List out its distinctive features.
13. Explain the different methods of classifying overheads.

14. (a) Compute the various stock levels from the following data:  
 Maximum consumption in a month - 300 units  
 Minimum usage in a month - 200 units  
 Average usage in a month - 225 units  
 Time –lag for procurement of materials:  
 Maximum 6 months ; Minimum 2 months  
 Reorder quantity 750 units.
- (b) Prepare a stores ledger A/c by adopting the weighed average method of pricing.  
 2007 September 1 Opening balance 50 units at Rs.3 per unit.  
                   4 Issued 2 units  
                   8 purchased 48 units at Rs.4 per unit  
                   9 Issued 20 units  
                  15 Purchased 76 units at Rs.3 per unit  
                  22 Received back into stores 19 units out of 20 units issued on  
                           September 9<sup>th</sup>.  
                  30 Issued 10 units.

15. (a) From the following data, prepare a statement showing the cost per day of 8 hours of engaging a particular type of labour:
- Monthly salary (Basic plus dearness allowance) Rs.400
  - Leave salary payable to workman 15% of basic and dearness allowance
  - Employee's contribution to Provident fund 8% of salary (items i & ii)
  - Employer's contribution to ESI 5% of salary (items i & ii)
  - Pro rata expenditure on amenities to labour Rs.25 per head p.m.
  - No.of working hours in a month 200.
- (b) Calculate the earnings of a worker under (a) Halsey premium plan and (b) Rowan scheme from the following details:
- |               |   |          |
|---------------|---|----------|
| Time allowed  | - | 48 hours |
| Time taken    | - | 40 hours |
| Rate per hour | - | Re.1     |

16. Compute Machine hour rate from the following information given below:

	Rs.
Cost of Machine X	13,500
Life of the Machine	10 yrs
Estimated scrap value after 10 years	1,980
Working hours (per year)	1,800 hrs
Insurance (Per annum)	45
Cotton waste (per annum)	75
Rent of Dept. (per annum)	975
Foreman's Salary (per annum)	7,500
Lighting for Dept. (per annum)	360
Repairs for entire life	1,440
Power : 10 units per hour @ 7.5 paise per unit.	

Machine X occupies 1/5 of the area and foreman devotes 1/4<sup>th</sup> of his time to the machine. The machine has two light points out of the total 12 for lighting in the department.

17. Sakthi construction company undertook a contract for constructing a flyover for a total value of Rs.24 lakhs as on 1.1.2005. It was estimated that the contract would be completed by 31.07.2006. You are required to prepare a contract account for the year ending 31.12.2005.

	Rs.
Wages	6,00,000
Materials	3,00,000
Materials at site on 31.12.05	40,000
Special Plant	2,00,000
Overheads	1,20,000
Work certified	16,00,000

Depreciation at 10% p.a. on plant. Cash received is 80% of work certified. 8% of value of materials issued and 7% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as percentage of direct wages.

18. A mechanist employed in a factory which works six days in a week is paid Rs.500 per day plus dearness allowance at 50% of the basic wages. He is allowed to take 30 minutes off for lunch during his 8 hour shift. His time card showed the he has spent 37 hours on different jobs. The time not booked was due to power failure. Show how the above are dealt with in cost accounts. Also compute the wages earned by the mechanist.

### SECTION – C

**Answer any TWO questions.**

**(2 x 20 = 40 Marks)**

19. From the following particulars for the year 2005, prepare (a) statement showing profit as per cost accounts ; (b) P & L A/c as per financial accounts and (c) a statement of reconciliation reconciling profit as per cost accounts and financial accounts:

	Rs.
Purchase of raw materials	86,400
Wages	36,400
Opening Stock:	
Raw materials	14,400
Finished goods	28,800
Stock at the end:	
Raw materials	21,600
Finished goods	7,200

Calculate factory overheads at 20% of prime cost and office overheads at 80% of factory overheads. Actual works expense amounted to Rs.22,700 and actual office expenses amounted to Rs.18,580. The selling price was fixed at 20% above the cost price.

20. A company has three production departments and two service departments, their respective expenditure are given below:

Production Departments	Service Departments
A – Rs.800	X – Rs.234
B – Rs.700	Y – Rs.300
C – Rs.500	

Service departments give service in the following manner to various departments.

Service Departments	A	B	C	X	Y
X	20%	40%	30%	-	10%
Y	40%	20%	20%	20%	-

You are required to show the distribution service department overheads.

21. A product passes through two processes and then to finished stock. The normal wastage of each process is as follows:

Process A 3% and Process B 5%

The wastage of process A was sold @ Rs.5 per unit and that of process B at Rs.10 per unit. 20,000 units were introduced into process A at the beginning of January 2007 at a cost at Rs.40 per unit. Other expenses were as under:

	Process A	Process B
	Rs.	Rs.
Sundry Materials	40,000	60,000
Wages	2,00,000	3,20,000
Manufacturing expenses	30,000	28,500

The output of process A was 19,000 units and that of Process B 18,200 Units. Prepare the Process Accounts, Normal loss A/c., Abnormal loss A/c and abnormal gain A/c.

\$\$\$\$\$\$