LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTH SEMESTER – **NOVEMBER 2013**

CO 5501 - COST ACCOUNTING

Date : 07/11/2013 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

PART - A

Answer ALL Questions: **(10 x 2 =20 marks)**

1. State the objectives of Cost Accounting.

2. What is Economic Order Quantity?

3. Explain computation of labour cost, under Taylor's differential piece rate system.

4. Differentiate between cost allocation and cost apportionment.

5. What is notional profit?

6. From the following information, calculate cost of materials consumed :

Stock of materials on 1.1.2012	Rs.1,00,000
Stock of materials on 31.1.2012	Rs.60,000
Purchases of materials	Rs.3,00,000
Carriage on purchases	Rs.10,000
Material scrap	Rs.5,000

7. Calculate the re-ordering level from the following information ;

Maximum consumption	300 units per day
Minimum consumption	200 units per day
Reorder period	8-10 days

8. Rate per hour Rs.1.50 per hour
   Time allowed for the job 20 hours
   Time taken 15 hours
   Calculate the earnings of the worker under the Halsey Plan.

9. Estimated number of working hours of a machine per annum is 4000 hours
   Insurance premium for the machine is Rs.4,000 p.a.
   Electricity consumption 25 units per hour at Rs.1.75 per unit
   Compute the Machine hour rate.

10. A transport company maintains a fleet of lorries for carrying goods from Delhi to Pune 100 kms off. Each lorry which operates 25 days on an average in a month starts every day from Delhi with a load of 4 tonnes and returns from Pune with a load of 2 tonnes. Calculate the total commercial tonne-kms.

PART - B

Answer any FOUR Questions: (4 x 10 =40 marks)

11. What is the purpose of reconciling cost and financial accounts? Indicate the reasons for the difference in profits.
12. What is absorption of overheads? Explain the different methods of absorption.
13. A company has received an enquiry for the supply of 10,000 toy chairs. The costs are estimated as follows:
    Raw materials 1,00,000kgs at Re.1 per hour
    Direct wages 10,000 hours at Rs.4 per hour
    Factory overheads at Rs.2.40 per labour hour
    Administration overheads Rs.22,000
    Selling and distribution overheads Rs.14,000
    Prepare a statement showing the price to be fixed , which will result in a profit of 20% on selling price.
14. Calculate the minimum stock level, maximum stock level, re-ordering level, average stock level and danger level

Minimum consumption	100 units per day
Maximum consumption	150 units per day
Normal consumption	120 units per day
Re-order period	10-15 days
Re-order quantity	1,500 units
Normal re-order period	12 days

    Maximum re-order period for emergency purchases 6 days.
15. Calculate the earnings of workers A and B under Straight Piece-rate System and Taylor's Differential Piece-rate system from the following particulars :

Normal rate per hour	Rs.1.80
Standard time per unit	20 seconds

    Differentials to be applied : 80% of piece rate below standard and 120% of piece rate at or above standard.
    Worker A produces 1,300 units per day and worker B produces 1,500 units per day.
16. The following particulars relate to a new machine purchased :

	Rs.
Purchase price of the machine	4,00,000
Installation expenses	1,00,000
Rent per quarter	15,000
General lighting	1,000 p.m.
Foreman's salary	30,000 p.a.
Insurance premium for the machine	3,000 p.a.
Estimated repair for the machine	5,000 p.a.
Estimated consumable stores	4,000 p.a.

    Power 2 units per hour at Rs.2 per unit
    The estimated life of the machine is 10 years and the estimated value at the end of the tenth year is Rs.1,00,000. The machine is expected to run 20,000 hours in its life time. The machine occupies 25% of the total area. The foreman devotes 1/6 of his time for the machine. Calculate the machine hour rate for the machine.

17. The following information is available from the accounting records of a contractor relating to a certain contract for the year ended June 30,2012.

	Rs.
Work certified by the architect	1,43,000
Cash received from the contractee	1,30,000
Materials sent to site	64,500
Labour engaged on site	54,800
Plant installed at site	11,300
Value of plant on June 30,2012	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
Direct expenditure	2,400
Outstanding wages	1,800
Materials at the end	1,400
Materials returned to store	400
Direct expenses accrued due	200
Contract price	2,00,000

You are required to prepare the contract account, showing the profit for the year ended June 30,2012.

PART - C

Answer any TWO Questions: **(2 x 20 =40 marks)**

18. From the following particulars, prepare a statement showing profit as per cost accounting, financial accounting and a reconciliation statement :

	Rs.
Stock of raw materials at the beginning	60,000
Stock of finished goods at the beginning	1,20,000
Purchase of raw materials	3,60,000
Stock of raw materials at the end	90,000
Stock of finished goods at the end	30,000
Wages	1,50,000

Calculate factory overheads at 25% on prime cost and office overhead at 75% on factory overhead.

Actual works expenses amounted to Rs.1,16,250 and office expenses amounted to Rs.91,500. The selling price was fixed at a profit of 20% of the selling price.

19. From the following particulars write up the stores ledger account under FIFO and LIFO methods :

May	1	Balance 50units at Rs.25 per unit
	3	Received 300 units at Rs.30 per unit
	5	Issued 200 units
	7	Issued 120 units
	8	Received back 10 units issued on (May 7)
	10	Shortage 15 units
	15	Received 200 units at Rs.32
	18	Issued 150 units
	19	Issued 50 units
	20	Shortage 10 units

20. A company has three production departments A, B, and C and two service departments X and Y :

The following particulars are available for January 2012, concerning the organization.

Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000

The following further details are available:

	Production Departments			Service Depts.	
	A	B	C	X	Y
Floor space (sq.mts)	1,000	1,250	1,500	1,000	250
Light points (Nos.)	40	60	80	40	20
Direct wages (Rs.)	12,000	8,000	12,000	6,000	2,000
HP of machines (hp)	60	30	50	10	-
Cost of the machine (Rs.)	48,000	64,000	80,000	4,000	4,000

The expenses of service departments are to be allocated in the following manner :

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

You are required to calculate the overhead absorption rate in respect of the three production departments.

21. You are required to prepare the Process A and B account, Normal loss, Abnormal loss and Abnormal gain account from the following details :

	Process A (Rs.)	Process B (Rs.)
Materials	30,000	3,000
Labour	10,000	12,000
Overheads	7,000	8,600
Input (units)	20,000	17,500
Normal loss	10%	4%
Sale of wastes per unit	Re.1	Rs.2

There was no opening or closing stock or work in progress. Final output from process B was 17,000 units.

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