



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2014

CO 5501 - COST ACCOUNTING

Date : 30/10/2014
Time : 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION-A

ANSWER ALL THE QUESTIONS:

(10 x 2 = 20)

1. Define Cost Accounting.
2. a) The method of costing used in a pencil manufacturing industry is -----.
b) The cost unit for Electricity Board is -----.
3. What is job costing.
4. From the following calculate the cost of goods sold:
Cost of production Rs. 1,83,500; Opening stock of finished goods Rs. 71,500; Closing stock of finished goods Rs.42,000
5. Calculate Economic Order Quantity from the following information:
Annual usage: 600 units
Cost of placing an order: Rs. 12
Price of material per unit: Rs.20
Cost of storage: 20%
6. The worker completes a job in a certain number of hours. The standard time allowed for the job is 8 hrs and the hourly rate of wages is Rs.10. The worker earns at the 50% rate a bonus of Rs. 20 under Halsey plan. Ascertain his total wages under the Rowan Premium Plan.
7. What are the methods to calculate labour turnover?
8. What is JIT inventory
9. What are the bases for apportionment of expenses given below to the different departments?
i) Rent & Rates ii) Supervisory wages iii) Depreciation iv) General lighting
10. From the following information, calculate kilometers and total passenger kilometers:
No. of buses:4, Days operated in a month:30, Trip made by each bus:4, Distance of route: 30 km long (one way), Capacity of bus : 60 passengers , Normal passengers travelling: 80% of the capacity.

SECTION B

ANSWER ANY FOUR QUESTIONS :

(4x 10 = 40 MARKS)

11. Explain ABC analysis.
12. Distinguish between Financial Accounting and Cost Accounting.
13. From the following figures, prepare a Reconciliation Statement:

Net Loss as per costing records	Rs. 1, 72,400
Works overhead under recovered in costing	3,120
Administrative overhead recovered in excess	1,700

Depreciation charged in financial records	11,200
Depreciation recovered in costing	12,500
Interest received not included in costing	8,000
Obsolescence charged (Loss) in financial books	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Stores adjustment (Cr.) in financial books	475
Value of opening stock in cost accounts	52,600
Value of opening stock in Financial accounts	54,000
Value of closing stock in cost accounts	52,000
Value of closing stock in Financial accounts	49,600
Interest charged in cost account but not in financial accounts	6,000
Provision for doubtful debts in financial books	150
Preliminary expenses written off in financial books	800

14. 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,
 - Re-Ordering quantities: 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) Re-Ordering level (d) Average Stock.

15. Work out in the appropriate form the machine hour rate of a factory machine, with reference to the following items:

1. Purchase price of machine Rs.45, 000.
2. Railways freight and installation charged Rs.5, 000.
3. Life of machine: 10 years @ 2,000 hours per year.
4. Repair charges: 50% of depreciation.
5. Consumption of power: 10 units per hour@1.75 per hour.
6. Lubricating oil: Rs.20 per day of 8 hours.
7. Consumable stores: Rs.10 per day of 8 hours.
8. There is no scrap value of machine
9. Wages of machine operator Rs.100 per day of 8 hours.

16. The following particulars relate to receipts and issues of a material during March 2005:

Date	Receipts	Rate	Issue
2.3.12	700	50.00	
10.3.12	1000	51.00	
11.3.12	400	52.00	
15.3.92	Goods returned to supplier 60 units		
16.3.92	300	53.00	
18.3.92			250
20.3.92	Goods returned by customers 30 units		
22.3.12			400
30.3.12			550

The stock verification report reveals that there was a shortage of 15 units on 21st march .

Find the value of stock using FIFO method

17. A transport service company is running 4 buses between two towns 50 miles apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books:

Wages of drivers	- 24,000
Salaries of office and supervisory staff	- 10,000
Diesel oil and other oils	- 30,000
Repairs and maintenance	- 8,000
Taxation, insurance etc	- 16,000
Depreciation	- 26,000
Interest and other charges	- 5,000

Actual passengers carried were 75% of the seating capacity. All the four buses ran on all the days of the month. Find out the cost per passenger mile.

SECTION C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. The following data have been extracted from the books of M/S Moonshine Industries for the calendar year 2010.

	Rs.
Opening Stock of raw materials	25,000
Purchase of raw materials	85,000
Closing stock of raw materials	40,000
Carriage inward	5,000
Wages Direct	75,000
Indirect	10,000
Other direct charges	15,000
Rent and rates- Factory	5,000
Office	500
Indirect consumption material	500
Depreciation-plant	1,500
Office furniture	100
Salary- office	2,500
Salesmen	2,000
Other factory expenses	5,700
Other office expenses	900
Managing director's remuneration	12,000
Other selling expenses	1,000
Travelling expenses of salesmen	1,100
Carriage and freight outward	1,000
Sales	2,50,000
Advance income tax paid	15,000
Advertisement	2,000

The managing director's remuneration is to be allocated as Rs. 4,000 to the factory, Rs.2, 000 to the office and Rs. 6,000 to the selling departments. From the above information prepare (a) Prime cost (b) Works cost (c) cost of production (d) cost of sales and (e) net profit.

19. A private company has undertaken the following contract on 1st October 2009. The position of contract on 30th September 2010 is as follows:

	Rs.
Contract Price	60, 00,000
Materials	10, 80,000
Wages paid	16, 50,000
Other expenses	60,000
Plant at site	3, 00,000
Unused materials at site	60,000
Wages payable	54,000
Other expenses due	9,000
Work certified	30, 00,000
Cash received	22, 50,000
Work completed but not yet certified	90,000

The plant at site is to be depreciated at 10%.

Prepare the contract account showing the notional profit and also the profit to be transferred to profit and loss account.

20. The following figures show the cost of three processes of manufacture. The production of each process is passed on to the next process immediately on completion:

	Total	Process I	Process II	Process III
		Rs.	Rs.	Rs.
Direct Material	15,084	5,200	3,960	5,924
Wages	18,000	4,000	6,000	8,000
Production overheads	18,000			

1,000 units @ Rs.6 per unit were issued to process I . Production overheads are to be distributed as 100% on direct wages.

	Normal loss	Actual production
Process I	5%	950 units
Process II	10%	840 units
Process III	15%	750 units

The wastage realized was as follows:

Process I	Rs.4 per unit
Process II	Rs. 8per unit
Process III	Rs.10 per unit

Prepare the necessary accounts.

21. A company has three production departments A, B, C and two service departments X and Y. The following particulars are available for January concerning the organization:

	Rs.
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

Following details are also available:

PARTICULARS	TOTAL	PRODUCTION DEPARTMENTS	SERV ICE DEPT.

		A	B	C	X	Y
FLOOR SPACE (SQ. MTS)	5,000	1,000	1,250	1,500	1,000	250
Light points (Nos.)	240	40	60	80	40	20
Direct Wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machines (Nos)	150	60	30	50	10	-----
Cost of Machines (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000
Working hours		2,335	1,510	1,525		

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 using Repeated distribution method.

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