LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FOURTH SEMESTER – **NOVEMBER 2016**

CO 4505 – COST ACCOUNTING

Date: 04-11-2016 Dept. No. Max. : 100 Marks

Time: 01:00-04:00

PART – A

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

1. What is meant by Material control?
2. Calculate EOQ from the following information.
   Annual consumption of material: 600 units
   Ordering cost Rs. 12 per order
   Price per unit Rs. 20
   Carrying cost per annum 20%
3. Calculate the earnings of a worker under Halsey premium plan
   Time allowed: 48 hours
   Time taken: 40 hours
   Rate per hour: Rs. 1
4. What do you mean by Overtime?
5. Mention any 4 Administration Overhead?
6. What is Absorption of Overhead?
7. Calculate the economic batch quantity for a product using batch costing from the following details:

Annual demand for the product	=	2,000 units
Set up cost per batch	=	Rs.10
Cost of carrying inventory per unit	=	Rs 1

8. What is Job costing?
9. Give the formula to calculate the value of abnormal gain.
10. What is By-product?

PART – B

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

11. Explain the advantages of Cost Accounting.
12. Material 'A' is used as follows:
    Maximum usage in a month : 600 Nos.
    Minimum usage in a month : 400 Nos.
    Average usage in a month : 450 Nos.
    Lead time: Maximum 6 months, minimum 2 months.
    Reorder quantity: 1500 Nos.

    Calculate:
    a. Reorder level
    b. Maximum level
    c. Minimum level
    d. Average stock level

13. Calculate the earnings of workers X and Y under (a) straight piece rate system (b) Taylor's differential piece rate system (c) Time rate system.

    Standard time per unit = 12 minutes

    Standard rate per hour = Rs. 60

    In a particular day of 8 hours, worker 'X' produced 30 units and worker 'Y' produced 50 units.

14. From the following particulars compute the machine hour rate.

Cost of the machine	Rs.11,000
Scrap Value	Rs. 680
Repairs for the effective working life	Rs . 1,500
Standing charges for 4 weekly period	Rs. 40

    Effective working life 10,000 hours

    Power used: 6 units per hour at 5 paise per unit

    Hours worked in 44 weekly periods: 120 hours.

15. Elaborate the various methods of absorption of Overhead.
16. The following are the expenses of Aditya & Co., in respect of a contract which commenced on 1st January 1998:

	Rs.
Materials purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plants issued	25,000
Direct expenses	40,000

    The contract price was Rs.7,50,000 and the same was duly received when the contract was completed in August 1998. Charge indirect expenses at 15% on wages; provide Rs.5,000 for depreciation on plant and prepare contract account.

17. Compute cost per running kilometre from the following data of a truck.

    Estimated life of vehicle 1,00,000 kms

    Annual running 15,000 kms

	Rs.
Cost of vehicle	25,000.00
Road licence (Annual)	750.00
Insurance (Annual)	700.00
Garage rent (Annual)	900.00
Supervision and salaries (Annual)	2,700.00
Drivers' wages per hour	3.00
Cost of fuel per litre	3.00
Repairs and maintenance per k.m.	1.75
Tyre allocation per k.m.	0.90

    Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 kms. per hour on an average and one litre of fuel gives 20 km.

PART – C

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

18. From the particulars given below write up the stores ledger card:

    1988

January 1 Opening stock	1,000 units at Rs.26 each
5 Purchased	500 units at Rs.24.50 each.

7 Issued	750 units
10 Purchased	1,500 units at Rs.24 each
12 Issued	1,100 units
15 Purchased	1,000 units at Rs.25 each.
17 Issued	500 units
18 Issued	300 units
25 Purchased	1,500 units at Rs. 26 each.
29 Issued	1,500 units
30 shortage	100 units

Adopt the LIFO and FIFO method of issue and ascertain the value of the closing stock.

19. Koushik producing concern is divided into four departments. 'A','B','C' are production department and 'D' is a service department. The actual expenses for a period are as follows"

	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			
	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 Direct 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	-

20. During a particular year the auditors certified the financial accounts showing a profit of Rs.1,68,000 whereas the same as per costing books was coming out to be Rs.2,40,000. Given the following information you are required to prepare a reconciliation statement showing clearly the reasons for the gap:

Trading and profit and loss Account			
Particulars	Rs.	Particulars	Rs.
To opening stock	8,20,000	By sales	34,65,000
To purchases	24,72,000	By closing stock	7,50,000
To direct wages	2,30,000		
To factory overheads	2,10,000		
To gross profit c/d	4,83,000		
	42,15,000		42,15,000
To administration expenses	95,000	By gross profit c/d	4,83,000
To selling expenses	2,25,000	By sundry income	5,000
To net profit	1,68,000		
	4,88,000		4,88,000

The costing records show:

(i) Book value of closing stock Rs.7,80,000

(ii) Factory overheads have been absorbed to the extent of Rs.1,89,800
(iii) Sundry income is not considered.
(iv) Administrative expenses are recovered at 3% of sales.
(v) Total absorption of direct wages Rs.2,46,000
(vi) Selling prices include 5% for selling expenses.

21. Ramsons Ltd produces a product which goes through three processes A, B and C before it is finished and sent to the godown for distribution. Material introduced in process A is 15,000 units. From the following details, ascertain the cost of the product at the end of each stage of production.

	Process A	Process B	Process C
Raw material	Rs.10,000	-	-
Other direct materials	Rs.30,000	Rs.20,000	Rs.10,000
Direct wages	Rs.10,000	Rs.20,000	Rs.30,000
Overheads	Rs.10,000	Rs. 8,000	Rs.20,000
Output in units	15,000	14,000	17,000
Opening stock (units from previous process)	-	6,000	5,000
Closing stock (units from previous process)	-	5,000	1,000

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