



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

**FIFTH SEMESTER – NOVEMBER 2017**

**CO 5501 – COST ACCOUNTING**

Date: 03-11-2017

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

## PART A

Answer all the questions:

(10x2=20)

1. What is prime cost?
2. Write any two differences between bin card and stores ledger.
3. List out the methods of absorption of overheads.
4. State any two reasons for differences in profit revealed by cost and financial accounts.
5. What is EBQ?
6. Mention any two causes of labour turnover.
7. Calculate Raw material consumed from the following information:  
Raw material purchased – Rs.80,000, Sale of Material scrap- Rs.1,000, Opening stock of Raw materials- Rs.12,000 and Closing stock materials- Rs.21,000.
8. Compute the Economic-order quantity from the following information:  
Annual usage- 20,000 units, Buying cost per order – Rs. 10, Cost per unit- Rs. 100 and Cost of carrying inventory – 10% of cost.
9. **Find out the amount of rent apportioned to each department:**  
**Rent: Rs. 8,000; space occupied by departments: A- 100 Sq. feet, B- 200 Sq. feet , C- 300 Sq. feet and D- 400 Sq. feet.**
10. Find the overtime hours and overtime wages from the following information: Actual hours worked: 50, Normal working hours: 40 and Normal wage rate: Rs. 25 per hour.

## PART B

Answer any four questions

(4x10=40)

11. **What is apportionment of overhead? Write the difference between apportionment and allocation of overheads.**
12. Explicate the advantages and disadvantages of operating costing.
13. **Explain the features of good wage system.**
14. **Pallavan Transport Corporation runs the following fleet of buses in a particular area of Chennai for 30 days in a month. The corporation operates 25 buses of 50 passenger capacity, on an average each bus makes 10 trips a day covering a distance of 8 kms in each trip with 75% of seats occupied. Calculate the cost per passenger km of operating the service.**

Monthly expenses	Rs.
Rent	2,500
Road tax	500
Salary of chief operating manager	1,500
Salary of three assistant managers	800 each
Wages of thirty cleaners	100 each
Wages of four supervisors	400 each
Wages of twenty five drivers	240 each
Wages of twenty five conductors	200 each
Consumable stores	4,500
Diesel	34,000
Lubricants	5,500
Replacement of tyres	1,750
Miscellaneous expenses	2,750
Depreciation	6,500
Work shop expenses	3,500

15. A building contractor began to trade on 1.1.2010. The following was the expenditure on a contract for Rs. 12,00,000.

Particulars	Rs.
Material issued from stores	3,00,000
Material purchased for the contract	80,000
Plant installed at cost	1,40,000
Wages paid	4,80,000
Direct expenses paid	44,000
Establishment expenses	20,000
Direct expenses accrued due on 31.12.2010	6,000
Wages accrued due on 31.12.2010	4,000

Of the plant and materials charged to the contract, plant which cost Rs. 10,000 and materials costing Rs. 8,000 were lost. Some part of the materials costing Rs. 5,000 was sold at a profit of Rs. 1,000. On 31<sup>st</sup> Dec 2010 plant which cost Rs. 4,000 was returned to stores and plant which cost Rs.3, 000 was transferred to some other contract.

The work certified was Rs.9, 60,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs. 6,000. Charge depreciation on plant @ 10% p.a. Prepare contract account.

16. From the following particulars, calculate earnings of a worker under:

- (a) Time rate system (b) Piece wage rate (c) Halsey plan (d) Halsey weir plan and (e) Rowan plan.

Wage rate – Rs.20 per hour, Production per hour – 4 units, Standard time fixed – 80 hours, Actual time taken – 50 hours and Production – 250 units.

17. From the following information calculate the levels of stock:

Minimum consumption – 240 units per day, Maximum consumption – 420 units per day , Normal consumption – 300 units per day, Re-order quantity – 3,600 units, Re-order period – 10 to 15 days and Normal re-order period- 12 days.

**PART C**

Answer any two questions:

(2x20=40)

18. (a)What is Cost sheet? Explain the objectives cost sheet.

(b) Write the format for cost sheet in detail.

19. Prepare stores ledger under (a) FIFO method and (b) LIFO method

1<sup>st</sup> July 2011- opening stock 2,000 unit at Rs. 10 each

5<sup>th</sup> July- received 1,000 units at Rs. 11 each

6<sup>th</sup> July - issued 500 units

10<sup>th</sup> July- received 5,000 units at Rs. 12 each

12<sup>th</sup> July - received back 50 units out of the issue made on 6<sup>th</sup> July

14<sup>th</sup> July - issued 600 units

18<sup>th</sup> July - returned to supplier 100 units out of goods received on 5<sup>th</sup>

19<sup>th</sup> July - received back 100 units out of the issue made on 14<sup>th</sup> July

20<sup>th</sup> July - issued 150 units

25<sup>th</sup> July- received 500 units at Rs. 14 each

28<sup>th</sup> July- issued 300 units

20. 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. From the following details ascertain the cost of product at the end of each stage of production.

Particulars	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Raw materials	10,000	-	-
Other direct materials	30,000	20,000	10,000
Direct wages	10,000	20,000	30,000
Overheads	10,000	8,000	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 the previous process)	-	5,000	1,000

21. Royal Manufacturers Ltd, have three production departments X.Y,Z and two service departments P and Q, the details pertaining to which are as under:

Particulars	X	Y	Z	P	Q
Direct materials	3,000	5,000	15,000	15,000	1,250
Direct wages	15,000	10,000	15,000	7,500	2,500
Working hours	6226	4028	4066	-	-
Value of machine (Rs.)	3,00,000	4,00,000	5,00,000	25,000	25,000
H.P. of machine	60	30	50	10	-
Light points	10	15	20	10	5
Floor area ( Sq. feet)	2,000	2,500	3,000	2,000	500

The following figures extracted from the accounting records are relevant: Rent & rates Rs.25,000, General lighting Rs.3,000, Indirect wages Rs. 7,500, Power Rs.7,500, Depreciation on machinery Rs.50,000 and Sundries Rs.50,000.

The expenses of service departments are allocated as under:

Particulars	X	Y	Z	P	Q
P	20%	30%	40%	-	10%
Q	40%	20%	30%	10%	-

Find out the works cost of the product X which is processed for manufacture in departments X,Y and Z for 6,4 and 5 hours respectively, given that its direct material is Rs.2500 and direct labour cost is Rs.1500.

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