LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Com.** DEGREE EXAMINATION – **CORPORATE SEC.**

FIFTH SEMESTER – **NOVEMBER 2012**

# BC 5501 - COST ACCOUNTING

 Date : 16/11/2012 Dept. No. Max. : 100 Marks

 Time : 9:00 - 12:00

**PART - A**

**Answer ALL the questions: (10x2=20marks)**

1. Define cost centre.
2. Works cost includes Prime cost and ------------------. Works cost is also referred to as ------------ ------------.
3. Say true or false with reason

VED analysis refers to Vital, Equivalent, Desirable.

1. 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 over time premium at 100% of the time rate calculate the gross wages.
2. Apportion the cost of Power to the user departments:

Cost of power-Rs 10,000

Kilowatt hours (KWH) of power consumed.

Department A 620 KWH

Department B 380 KWH

Department C 1000 KWH

 6) Write a note on job costing and the industries which adopt job costing.

 7) What is work uncertified?

 8) Garage rent is a-------charge in operating costing.

 9) Calculate the passenger kilometers covered by a fleet of 4 taxisrun by CNN

 travels from Hyderabad To Bhuvanagiri (45 kms apart) and back 4 trips each day

 with 5 passengers on an average on each vehicle for the month of April, 1992.

 10) What are joint products?

**PART – B**

**Answer any FIVE questions: (5x8=40marks)**

 11) Discuss the necessity to prepare cost sheets and give the reasons which calls for a reconciliation

 of cost and financial profits.

 12) Explain the process and significance of ABC method of inventory control.

 13) What are the causes for labour turnover and what are the methods used to measure labour

 turnover?

 14) From the following particulars, prepare a cost sheet showing the selling price per unit.

|  |  |
| --- | --- |
| **Particulars** |  **Rs** |
| Raw material  |  9,100 |
| Labour and other direct expenses Factory expenses 80% of the labour and other direct expenses.Office overheads 10% of works cost.Selling and distribution expenses Rs. 2 per unit sold.Units produced and sold – Rs. 10,000.Percentage of profit – 20% on selling price.  |  4,000 |

15) Calculate a) EOQ b) maximum level c) minimum level d) reordering level from the following data:

Reorder period- 4 to 6 weeks

Maximum consumption- 100 units per week

Minimum consumption- 50 units per week

Normal consumption- 75 units per week

Annual consumption- 36000 units

Cost per unit- Re.1

Ordering cost- Rs.25

Inventory carrying cost is 20% of unit value

 16) From the following particulars, workout the total amount payable to three workmen and the rate

 earned per hour by them under:

* Halsey and
* Rowan premium bonus systems

Standard time allowed : 12 hours

Actual time taken by : A = 8 hours

 : B = 6 hours

 : C = 4 hours

17) From the following information of Swetha Construction Company prepare the contract account for 2009. Also show what part of the profit on the contract should be taken credit of in 2009. The contract was for Rs.8, 00,000.

|  |  |
| --- | --- |
| Particulars | Rupees |
| Materials issued from stores  | 1,50,000 |
| Wages paid | 2,20,000 |
| General charges | 8,000 |
| Plant installed at site on 1st july 2009 | 40,000 |
| Materials on hand at close  | 8,000 |
| Wages accrued due | 8,000 |
| Work certified | 4,00,000 |
| Work completed but not certified | 12,000 |
| Cash received  | 3,00,000 |
| Materials transferred to other contracts | 8,000 |
| Depreciation on plant is to provided at 10% per annum | 2,000 |

18) In manufacturing the main product A, a company processes the resulting waste material into two by-

 products-B and C. During one period of production the following data was compiled

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  | A | B | C |
| Sales  | 8,00,000 | 64,000 | 96,000 |
| Cost before separation (Rs) | 3,10,400 | -- | -- |
| Cost after separation (Rs) | 80,000 | 12,800 | 14,400 |
| Estimated net profit percentage to sales value | -- | 20% | 30% |
| Estimated selling expenses as percentage of sales value | 20% | 10% | 15% |

There is no beginning or ending inventories. Prepare an income statement concerning the period described

using reversal cost method for by-products.

**PART – C**

**Answer any TWO questions: (2x20=40marks)**

 19) The product of a company passes through 3 distinct processes to completion. They are known as A,

 B, C. From past experience it is ascertained that loss is incurred in each process as follows:

 Process-A-2%, Process-B-5%, Process-C-10%

 In each case the % of loss is computed on the number of units entering the process concerned. The

 loss each process possesses a scrap value. The loss of process A and B is sold at Rs 5 per 100 units

 and that of Process C at Rs 20 per 100 units.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Process A(Rs) | Process B(Rs) | ProcessC(Rs) |
| Materials consumed | 6000 | 4000 | 2000 |
| Direct Labour | 8000 | 6000 | 3000 |
| Manufacturing Expenses | 1000 | 1000 | 1500 |

 20, 000 units have been issued to Process A at a cost of Rs 10,000. The output of each process has

 been as under:

 Process A-19,500 units,Process-B-18,800 units, process-C-16,000 units. There is no work-in-progress

 in any process.

 Prepare process accounts. Calculate to the nearest rupee.

 20) Tamilnadu Co.,ltd. Is a manufacturing company having three production departments A,B and C and

 two service departments X and Y. The following is the budget for December,1985.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | Total | A | B | C | X | Y |
| Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Direct material |  \_  |  1,000  |  2,000  |  4,000  |  2,000  |  1,000  |
| Direct wages |  \_  |  5,000  |  2,000  |  8,000  |  1,000  |  2,000  |
| Factory rent |  4,000  |  \_  |  \_  |  \_  |  \_  |  \_  |
| Power |  2,500  |  \_  |  \_  |  \_  |  \_  |  \_  |
| Depreciation |  1,000  |  \_  |  \_  |  -  |  \_  |  \_  |
| other overheads |  9,000  |  \_  |  \_  |  -  |  \_  |  -  |
| Additional Information |   |   |   |   |   |   |
| Area(sq.ft) |  \_  |  500  |  250  |  500  |  250  |  500  |
| Capital value of assets |  \_  |  20  |  40  |  20  |  10  |  10  |
| Machine hours |  \_  |  1,000  |  2,000  |  4,000  |  1,000  |  1,000  |
| H.P of machines |  \_  |  50  |  40  |  20  |  15  |  25  |

 A technical assessment for the apportionment of expenses of service departments is as under:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | A | B | C | X | y |
| X | 45% | 15% | 30% | \_ | 10% |
| Y | 60% | 35% | \_ | 5% | \_ |

 You are required to prepare:

 a) Statement showing distribution of overheads to various departments.

 b) Statement showing distribution of service departments expenses to production departments

 21) A person owns a bus which runs from Delhi to Chandigargh and back for 10 days in a month. The

 distance between Delhi and Chandigarh is 150 miles. The trip between these places is completed the

 same day. The bus goes another 10 days to Agra which is 120 miles away from Delhi and completed

 on the same day. For the rest of the 4 days in a month the bus makes local trips distance covered in

 this being 40 miles. Calculate the rate the person should charge a passenger when he wants to earn a

 profit of 33 1/3 % on his takings. The other information is given below:

|  |  |  |  |
| --- | --- | --- | --- |
| Cost of the bus | Rs 60,000 | Lubricant oil Rs 10 per 100 miles |  |
| Depreciation | 20% | Repairs and maintenance | Rs 500 pm |
| Salary of Driver | Rs 350 pm | Permit fees | Rs 284 pm |
| Salary of Conductor | Rs 350 pm | Normal capacity of the bus | 50 passengers |
| Salary of accountant | Rs 160 pm | Token tax | Rs 600 p.a |
| Insurance  | Rs 1680 p.a | Diesel Consumption 4 miles per litre costing Rs 1 per litre. |  |

The bus is generally occupied 90% of the capacity when it goes to Chandigharh and 80% when it goes to

Agra and is full in local trips. Passenger tax 20% of his net takings.