

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – COMMERCE**FOURTH SEMESTER – **APRIL 2023****CO 4505 – COST ACCOUNTING**

Date: 13-05-2023

Dept. No. 

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

**PART – A**

| Q. No | Answer ALL questions: (10 x 2 = 20 Marks)                                                                                                                                                                                                                                                                                                                                          |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1     | Define Costing.                                                                                                                                                                                                                                                                                                                                                                    |
| 2     | What is the purpose of preparing a Cost Sheet?                                                                                                                                                                                                                                                                                                                                     |
| 3     | Distinguish between Allocation and Apportionment of overheads.                                                                                                                                                                                                                                                                                                                     |
| 4     | In which type of industries is Batch Costing applicable?                                                                                                                                                                                                                                                                                                                           |
| 5     | Explain the term Passenger Km and Tonne Km.                                                                                                                                                                                                                                                                                                                                        |
| 6     | Find the Economic Order Quantity:<br>Annual Usage 6,000 units; Cost of Material per unit ₹20; Cost of Placing & Receiving One Order ₹60; Annual carrying cost of one unit is 10% of inventory.                                                                                                                                                                                     |
| 7     | Find out Labour Turnover Rate by applying Replacement Method:<br>Number of workers at the beginning of the month is 500 and at the end of the month is ₹600. During the month 5 workers left, 20 persons were discharged and 75 workers were recruited. Of these 10 workers were recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme. |
| 8     | From the following data find out profit as per Cost accounts.<br>(a) Profit as per P & L A/c ₹4,80,000<br>(b) Over recovery of Factory Overheads ₹5,000<br>(c) Profit on sale of asset shown in Financial Accounts ₹1,000<br>(d) Dividend received ₹ 2,000 appears in P & L A/c.                                                                                                   |
| 9     | Pankajam travels employs 5 buses which run over a route of 140 kms (one way), making one round trip per day. The buses run 365 days per year and 10% of them on average are laid out for repairs. Ascertain the total running kilometres per year.                                                                                                                                 |
| 10    | Calculate overhead rates under Labour Cost method:<br>Production overheads ₹2,00,000; Direct Wages ₹1,00,000; Direct Labour Hours 5,000.                                                                                                                                                                                                                                           |

**PART – B**

| Answer any FOUR questions: (4 x 10 = 40 Marks) |                                                                                                                                                                                                                                                                 |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11                                             | Distinguish between Financial Accounting and Cost Accounting.                                                                                                                                                                                                   |
| 12                                             | Explain the different types of Process Losses and its Accounting Treatment.                                                                                                                                                                                     |
| 13                                             | Calculate Reorder level, Maximum stock level, Minimum stock level and Average stock level from the following information:<br>Maximum Usage 450 units per week<br>Minimum Usage 150 units per week<br>Reorder Period 4 to 6 Weeks<br>Reorder Quantity 2400 Units |
| 14                                             | From the following particulars work out the earnings for a week of a worker under<br>a) Straight piece rate b) Differential piece-rate c) Halsey premium system<br>d) Rowan System<br>Number of working hours per week 48<br>Wages per hour ₹3.75               |

Normal time per piece 20 minutes  
 Rate per piece ₹1.50  
 Normal output per week 120 pieces  
 Actual output per week 150 pieces  
 Differential piece rate: 80% of piece-rate when output is below standard and 120% of piece-rate when above standard.

15 Basha & Co., obtained a contract for ₹10,00,000. The work started on 1<sup>st</sup> April 2021 and at the end of March 2022, they received from the contractee a sum of ₹3,90,000 being 75% of the amount due on surveyor's certificate.

| Particulars                         | ₹        |
|-------------------------------------|----------|
| Stores issued to contract           | 2,00,000 |
| Stores on hand on 31.3.2022         | 10,000   |
| Wages paid                          | 1,80,000 |
| Plant purchased                     | 2,00,000 |
| Direct expenses                     | 25,000   |
| Overheads allocated to contract     | 12,000   |
| Work finished but not yet certified | 12,000   |

Plant to be depreciated at 10%. You are required to prepare Contract Account.

16 Prepare a cost sheet from the following data related to the manufacturer of a product during the month of December:  
 Materials consumed ₹80,000  
 Direct wages ₹48,000  
 Machine hours worked 8,000  
 Machine hour rate ₹4  
 Office overhead 10% of works cost  
 Selling overhead ₹1.50 per unit  
 Units produced 4,000  
 Units sold 3,600 units at ₹50 each

17 A machine was purchased on 1<sup>st</sup> January 2020. The following relate to the Machine:

|                                     |                                  |
|-------------------------------------|----------------------------------|
| Cost of Machine                     | ₹40,000                          |
| Estimated life                      | 15 years of 1,800 hours per year |
| Estimated scrap value               | ₹2,500                           |
| Estimated repairs for whole life    | ₹10,500                          |
| Power consumed per hour 15 units at | ₹0.07 per unit                   |
| Insurance                           | ₹75 per month                    |
| Consumable Stores                   | ₹25 per month                    |

The machine is installed in a department whose monthly rent is ₹500 and this machine occupies 1/5<sup>th</sup> of the area. Total monthly lighting cost is ₹40 for 10 light points, of which 3 relate to the machine. A supervisor with monthly salary of ₹500, devotes 1/4<sup>th</sup> of his time to this machine. Calculate Machine Hour Rate.

### PART – C

Answer any TWO questions:

(2 x 20 = 40 Marks)

18 The product passes through three processes A, B & C.

| Particulars                | A      | B      | C      |
|----------------------------|--------|--------|--------|
| Materials consumed (₹)     | 24,000 | 8,000  | 8,000  |
| Direct Labour (₹)          | 16,000 | 12,000 | 12,000 |
| Manufacturing Expenses (₹) | 4,000  | 8,000  | 4,000  |
| Normal Loss                | 2%     | 5%     | 10%    |
| Actual Output in units     | 19,600 | 18,400 | 16,700 |

The scrap values of wastage of processes, A, B & C are ₹10, ₹40 and ₹20 per 100 units respectively. 20,000 units were put into the process at a cost of ₹32,000. Prepare Process Accounts.

19 Magesh Ltd., have three production departments E, F and G and two service departments H and I, the details are as under:

| Particulars            | E        | F         | G         | H      | I   |
|------------------------|----------|-----------|-----------|--------|-----|
| Direct Wages (₹)       | 45,000   | 30,000    | 45,000    | 22,500 | 7,  |
| Direct Materials(₹)    | 60,000   | 50,000    | 45,000    | 25,000 | 15, |
| Working Hours          | 4,605    | 6,725     | 3,625     | --     |     |
| Value of Machines(₹)   | 9,00,000 | 12,00,000 | 15,00,000 | 75,000 | 75, |
| H.P of Machines        | 90       | 45        | 75        | 15     |     |
| Light Points           | 150      | 225       | 300       | 150    |     |
| Floor Space (Sq. feet) | 30,000   | 37,500    | 45,000    | 30,000 | 7,  |
| Staff (Nos.)           | 100      | 150       | 150       | 50     |     |

The following figures are extracted from the accounting records:

Rent ₹22,500; General Lighting ₹9,900; Indirect Wages ₹30,000; Power ₹22,500;  
Depreciation ₹1,50,000; Amenities to Staff ₹20,000 and Sundries ₹15,000.

The expenses of service departments are allocated as under:

|   | E   | F   | G   | H   | I   |
|---|-----|-----|-----|-----|-----|
| H | 20% | 30% | 40% | --  | 10% |
| I | 40% | 20% | 30% | 10% | --  |

Find out the works cost of product X which is processed for manufacture in Departments E, F and G for 6, 8 and 5 hours respectively, given that its Direct Material is ₹750 and Direct Labour cost is ₹645.

20 From the following particulars, prepare a statement reconciling the profits shown by Cost and Financial Accounts:

| Particulars                     | ₹        |
|---------------------------------|----------|
| Opening Stock of Materials      | 1,44,000 |
| Opening Stock of Finished goods | 2,88,000 |
| Purchases of Materials          | 8,64,000 |
| Closing Stock of Materials      | 2,16,000 |
| Closing Stock of Finished goods | 72,000   |
| Wages                           | 3,60,000 |

Factory on cost – 20% on prime cost

Office on cost – 80% on factory on cost

Selling Price – 20% above the cost price

Actual Works expenses ₹2,27,150

Actual Office expenses ₹1,85,900

21 Prepare Stores Ledger account using the following methods:

(a)FIFO and (b) Weighted Average Method.

|        |                                                                     |                                           |
|--------|---------------------------------------------------------------------|-------------------------------------------|
| Jan 1  | Opening Balance                                                     | 100 units @ ₹5 each                       |
| 5      | Received                                                            | 500 units @ ₹6 each                       |
| 20     | Issued                                                              | 300 units                                 |
| Feb 5  | Issued                                                              | 200 units                                 |
| 6      | Received back from work order<br>Issued on 5 <sup>th</sup> February | 10 units                                  |
| 7      | Received                                                            | 600 units @ ₹5 each                       |
| 20     | Issued                                                              | 300 units                                 |
| 25     | Returned to supplier                                                | 50 units purchased on 7 <sup>th</sup> Feb |
| 26     | Issued                                                              | 200 units                                 |
| Mar 10 | Received                                                            | 500 units at ₹7 per unit                  |
| 15     | Issued                                                              | 300 units                                 |

Stock Verification on 15<sup>th</sup> March revealed a shortage of 10 units.

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