

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – COMMERCE**FOURTH SEMESTER – **APRIL 2023****UCO 4501 – COST ACCOUNTING**

Date: 02-05-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION A - K1 (CO1)**Answer ALL the Questions****(10 x 1 = 10)****1. Multiple Choice Questions**

- a) Which cost is incurred even if the company is closed?
 (i) Sunk cost (ii) Historical cost
 (iii) Imputed cost (iv) Shut-down cost
- b) Which is considered to be the normal loss of materials?
 (i) Loss due to accidents (ii) Pilferage
 (iii) Careless handling of materials (iv) Loss due to breaking the bulk
- c) Labour turnover is measured by?
 (i) Number of persons replaced/ average number of workers
 (ii) Numbers of persons separated / Number of workers at the beginning of the year
 (iii) (Number of persons replaced + Number of persons separated)/(Number of persons at the beginning + Number of persons at the end of the year)
 (iv) Number of persons replaced / Number of workers at the end
- d) Employee cost includes?
 (i) Wages and salaries. (ii) Allowances and incentives
 (iii) Payment for overtime. (iv) All of the above
- e) In activity based costing, costs are accumulated by activity using?
 (i) Cost drivers (ii) Cost objects
 (iii) Cost pools (iv) Cost benefit analysis

2. Fill in the Blanks

- a) The total of all direct costs is _____ cost.
- b) The system of costing for jobs of diverse nature is _____ costing.
- c) Bonus under Halsey plan is paid at _____ % of time saved.
- d) Power cost is apportioned on the basis of _____ hours.
- e) _____ profit is the basis for computing profits on incomplete contracts.

SECTION A - K2 (CO1)**Answer ALL the Questions**
10)**(10 x 1 =****3. Match the Following**

- a) Primary packing cost is a part of (i) Inventory control technique
- b) Salary paid to plant supervisor is a part of (ii) Transfer pricing
- c) Batch costing is a type of (iii) Production cost
- d) ABC Analysis is (iv) Factory overheads
- e) Interprocess profits are an example of (v) Job costing

4. True or False

- a) Expenses that are exclusively shown in the financial accounts are added back to financial profit in the reconciliation statement.

Finished Goods	15,700
Purchase of Raw Materials	21,900
Carriage on purchases	1,100
Work in Progress 1 st December 2019 at works cost	8,200
Work in Progress 31 st December 2019 at works cost	9,100
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct Expenses	1,200
Factory overheads	8,300
Administration overheads	3,200
Selling and distribution overheads	4,200

SECTION C – K4 (CO3)

Answer any TWO of the following

(2 x 10 = 20)

9. (i) From the following particulars prepare a statement showing the labour cost per man-day of 8 hours.
- Basic salary – Rs. 2 per day
 - Dearness allowance – 25 ps for every point over 100 (cost of living index for working class) current cost of living index is 700 points
 - Leave salary – 10% of (a) and (b)
 - Employer's contribution to PF – 8% of (a), (b) and (c)
 - Employer's contribution to state insurance – 2.5% of (a), (b) and (c)
 - Expenditures on amenities to labour Rs. 20 per head per mensem
 - Number of working days in a month – 25 days of 8 hours each.
- (ii) Calculate the earnings of 3 workers A, B and C under Merrick's Multiple piece rate system from the following:
Standard production per day: 150 units
Normal piece rate: Rs. 0.50 per unit
Production of workers on a particular day:
A 120 units, B 140 units and C 160 units.
10. Ascertain the profit as per the financial books from the following information:
- | | Rs. |
|--|--------|
| Profit as per cost accounts | 25,000 |
| Closing stock over valued in cost books | 12,500 |
| Preliminary expenses written off | 3,000 |
| Profit on sale of building | 30,000 |
| Admin expenses over recovered in cost books | 50,375 |
| Works overhead under recovered in cost books | 30,375 |
| Bank interest and transfer fee in financial books | 5,000 |
| Interest on investment recorded in financial books | 10,000 |
| Depreciation shown in excess in cost books | 4,000 |
| Provision made for income tax | 40,000 |
11. 'A' undertook several large contracts and his ledger contained therefore a separate account for each contract. On 31.12.2018 the account of contract number 22 showed the following amounts as expended thereon.
- | | |
|------------------------------|-------------|
| Materials directly purchased | Rs 1,80,000 |
| Materials issued from stores | Rs 50,000 |

Wages	Rs 2,44,000
Direct expenses	Rs 24,000
Plant purchased	Rs 1,60,000
Proportionate establishment charges	Rs 54,000

The contract was for Rs 15,00,000 and up to 31-12-2018 Rs 6,00,000 had been received in cash which represented 80% of work certified.

The material at site unconsumed were valued at Rs 15,000. The contract plant was to be depreciated by Rs 16,000.

Prepare the contract showing what profits thereon have been earned to date.

12. Compute the machine hour rate from the following data:

	Rs
Cost of Machine	1,00,000
Installation Charges	10,000
Estimated Scrap value after the expiry of life (15 Years)	5,000
Rent and rates for the shop per month	200
General lighting for the shop per month	300
Insurance premium for the machine per annum	960
Repairs and maintenance per annum	1000
Power consumption – 10 units per hour	-
Rate of power per 100 units	20
Estimated working hours per annum (This include setting up time of 200 hours)	2200
Shop supervisors salary per month	600

The machine occupies 1/4th of the total area. The supervisor is expected to devote 1/5th share of his time for supervising the machine.

SECTION D – K5 (CO4)

Answer any ONE of the following

(1 x 20 = 20)

13. From the following transactions prepare separately stores ledger account using (i) FIFO and (ii) LIFO Methods.

Jan	1	Opening Balance	100 units @Rs. 5 each
	5	Received	500 units @Rs. 6 each
	20	Issued	300 units
Feb	5	Issued	200 units
	6	Received back from work order issued on 5 th February	10 units
	7	Received	600 units @Rs. 5 each
	20	Issued	300 units
	23	Returned to supplier	50 units purchased on 7 th Feb
	26	Issued	200 units
Mar	10	Received	500 units @Rs. 7 each
	12	Issued	300 units

14. Star Ltd. has 3 production departments A, B and C and 2 service departments X and Y. The following particulars are available for the month of March 2020 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
	1,14,400

The following further details are also available:

Particulars	Total	A	B	C	X	Y
Floor space Sq. mts.	5000	1000	1250	1500	1000	250
Light points	240	40	60	80	40	20
Direct wages Rs.	40000	12000	8000	12000	6000	2000
HP of machines	150	60	30	50	10	-
Cost of machines Rs	200000	48000	64000	80000	4000	4000

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 total overhead of the 3 production departments.

SECTION E – K6 (CO5)

Answer any ONE of the following

(1 x 20 = 20)

15. The accounts of a machine manufacturing company disclose the following information for 6 months ending 31st dec 2012.

Materials used	1,50,000
Direct wages	1,20,000
Factory overheads	30,000
Admin., expenses	15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1250 and expenditure in productive wages Rs. 750, so that the price might yield a profit of 20% on the selling price.

16. A Product passes through three processes I, II, and III. From the following information prepare the process accounts assuming that there were no opening or closing stocks.

	Process I (Rs)	Process II (Rs)	Process III (Rs)
Materials	1,000	1,500	500
Labour	5,000	8,000	6,500
Overheads	1,050	1,188	2,009
Actual output (units)	9,500	9,100	8,100
Normal loss	3%	5%	8%

The wastage of process I was sold at Rs 25 paise per unit, that of process II at Rs 50 paise per unit and that of process III at Re. 1 per unit.

Raw materials of 10,000 units were introduced into process I in the beginning at a cost of Re. 1 per unit.

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