LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FOURTH SEMESTER – **APRIL 2024**

UCO 4501 – COST ACCOUNTING

Date: 02-04-2024 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)	Cost of sales plus profit is: (i) Gross Profit (ii) Net Profit (iii) Selling price (iv) Value of stocks	
b)	Departmentalization of overhead is known as i) Primary distribution ii) Secondary Distribution iv) absorption v) None of these	
c)	Labour turnover is (i) Productivity of Labour (ii) Efficiency of Labour (iii) Change in Labour force (iv) None of these.	
d)	Factory Overhead is also termed as: (i) Sundry Overhead (ii) Distribution overhead (iii) Works overhead (iv) Extra overhead	
e)	Process costing is suitable for: (i) Hospitals (ii) Transport firms (iii) Oil refinery firms (iv) Brick laying firms	
2	**Fill in the blanks**	
a)	Bad debts is written off as part of --------- Overhead.	
b)	Weighted average is computed by dividing total purchase cost of material in stock with total -------- in stock.	
c)	Taylor's wage payment is called as _____ piece rate system..	
d)	Expenditure over and above the prime cost is known as _____.	
e)	_____Loss is transferred to costing P/L account..	
	SECTION A – K2 (CO1)	
	Answer ALL the questions	**(10 x 1 = 10)**
3	**Match the following**	
a)	Wage payment method	(i) No. of points or floor space
b)	Computation of material price	(ii) Process costing
c)	Lighting expenses	(iii) Merrick's Multiple piece rate
d)	Abnormal gain	(iv) Labour
e)	Element of cost	(v) LIFO
4	**True or False**	
a)	Sale of raw material is reduced from works cost.	
b)	Scrap has no disposable value.	
c)	Labour turnover indicates productivity of labour.	
d)	Expenses in connection with selling and distribution are direct costs.	
e)	Cost of normal loss of input is borne by the output of the process.	
	SECTION B – K3 (CO2)	
	Answer any TWO of the following in 100 words each.	**(2 x 10 = 20)**
5	Two materials, A and B, are used as follows: Minimum usage - 50 units per week each Maximum usage - 150 units per week each Normal usage - 100 units per week each Re-Ordering quantity: A - 600 units and B - 1000 units	

Delivery period: A - 4 to 6 weeks, B – 2 to 4 weeks
Calculate for each material:
(a) Minimum level (b) Maximum level and (c) Re-Ordering level d) Reorder level.

6 Compute Machine hour rate from the Information given below:-Cost of

Machine: Rs.360,000
Life of the Machine 20 years
Estimated Scrap value: NIL
Working hours 8,000
Lubricating oil @ Rs.2 per day of 8 hours
Consumable stores @ Rs.10 per day of 8 hours.
Wages of operator @ Rs.4 pe day.
Repairs charges: 50% of depreciation
Power : 10 units @ 10 paise per unit.

7 Compute cost per running kilometer from the following data of a truck.
Estimated Life of vechicle is 1,00,000 kms
Annual Running 15,000 kms

Cost of Vehicle	25,000	Drivers Wages per hour	3
Road License (p.a.)	750	Cost of Fuel per liter	3
Insurance (p.a.)	700	Repairs & Maintenance per km	1.75
Garage Rent (p.a.)	900	Tyre allocation per km	0.90
Salaries (p.a.)	2,700		

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

8 From the following information, prepare a cost sheet for the month of January 2021.

	Rs.
Stock on hand - 1st Jan. 2021	
Raw materials	50,000
Finished Goods	34,600
Stock on hand – 31st Jan. 2021	
Raw materials	52,400
Finished Goods	31,400
Purchase of Raw Materials	43,800
Carriage on purchases	2,200
Work in Progress 1st Jan. 2021	16,400
Work in Progress 31st Jan. 2021	18,200
Sale of finished goods	144,600
Direct wages	34,400
Non-productive wages	1,600
Direct Expenses	2,400
Factory overheads	16,600
Administration overheads	6,400
Selling and distribution overheads	8,400

SECTION C – K4 (CO3)

Answer any TWO of the following **(2 x 10 = 20)**

9 From the following data, engaging a particular type of labour, prepare a statement showing the labour cost per man-day of 8 hours.

a). Monthly salary – Rs.400 (Basic plus D.A.)
b). Leave salary payable to workmen 15% of basic and D.A.
c). Employer's contribution to PF – 8% of (a) and (b)
d). Employer's contribution to state insurance – 5% of (a) and (b)
e). Expenditures on amenities to labour Rs. 25 per head per month
f). Number of working hours in a month – 200 hours.

10 Ascertain the profit as per the financial books from the following information:

	Rs.
Profit as per cost accounts	50,000
Closing stock over valued in cost books	12500
Preliminary expenses written off	3000
Profit on sale of building	30000
Admin expenses over recovered in cost books	50375
Works overhead under recovered in cost books	30375
Bank interest and transfer fee in financial books	5000
Interest on investment recorded in financial books	10000
Depreciation shown in excess in cost books	4000
Provision made for income tax	30000

11 Sakthi Construction Company undertook a contract for constructing a Flyover for total value of Rs.24 lakhs on 1/1/2012. It was estimated that the contract would be completed by 31/7/2013. You are required to prepare a contract account for the year ending 31/12/2012.

Materials Rs 3,00,000
Materials at site as on 31/12/2012 Rs 40,000
Wages Rs 6,00,000
Direct expenses Rs. 120,000
Plant Rs. 20,000

Work certified is Rs.16,00,000. Depreciation at 10% per annum on plant. 8% of value of materials issued and 7% of wages may be taken to incur the portion of work completed but not yet certified. Overheads are charged as percentage of direct wages.

12 A company reapportions the costs incurred by 2 service centres A and B to 3 productiondepartments X, Y and Z.

The following are the overhead costs which have been allocated and apportioned to 5 cost centres.X– Rs. 650,000; Y – Rs.600,000; Z – Rs.500,000; A – Rs.120,000; B – Rs.100,000.

Estimates of the expenses of the service departments are allotted on percentage basis as follows:

Particulars	X %	Y %	Z %	A %	B %
Service Dept. A	30	40	15	-	15
Service Dept. B	40	30	25	5	-

You are required to calculate the charge for overhead to each of the three production cost centres, including the amounts reapportioned from the 2 service centres using the continuous allotment or repeated distribution method.

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) Weighted Average method

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 5thFeb	10 units
7	Received	600 units @Rs. 5 each
20	Issued	300 units
23	Returned to supplier	50 units purchased on 7th Feb
26	Issued	200 units

	Mar 10	Received	500 units @Rs. 7 each
	12	Issued	300 units

14 Calculate the overheads allocable to production departments A, B and C. There are also service departments X and Y. The following particulars are available for the month of March 2020, concerning the organization. Rent – Rs.15,000 Municipal taxes – Rs.5,000 Electricity – Rs.2,400 Indirect Wages – Rs.6,000 Power – Rs.6,000 Depreciation on Machinery – Rs.40,000 Canteen expenses – Rs.30,000 Other related costs – Rs.10,000.

Particulars	A	B	C	X	Y
Floor space – Sq.ft	1,000	1,250	1,500	1,000	250
Light and fan points	40	60	80	40	20
Direct wages (Rs.)	12,000	8,000	12,000	6,000	2,000
H.P of the machines	60	30	50	10	-
Cost of Machines (Rs.)	48,000	64,000	80,000	4,000	4,000
Allocation of Expenses: X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

SECTION E– K6 (CO5)

Answer any ONE of the following in 250 words **(1 x 20 = 20)**

15 From the following particulars work out the earnings for the week of a worker 'A' as under:

a. Time wage
b. Piece wage
c. Straight piece rate system
d. Taylor's differential system
e. Halsey premium plan
f. Rowan plan

Number of working hours per week 48

Wages per hour Rs. 5.00

Normal output per week – 120 units

Actual output per week – 150 units

Normal time per piece – 20 minutes

Rate per piece Rs.3.00

Differential piece rate: 80% & 120%

16 A Product passes through three processes I, II, and III. From the following information is pertaining to December 2018. Prepare the process account, abnormal loss and abnormal gain account

	Process I (Rs)	Process II (Rs)	Process III (Rs)
Materials	2,600	2,000	1025
Labour	2,250	3,680	1,400
Overheads – Total Rs.7,330	-	-	-
Actual output (units)	450	340	270
Normal loss % on input	10%	20%	25%
Scrap value	2	4	5

500 units @ Rs.4 per unit were introduced in Process I. Production overheads were absorbed in the ratio of labour.

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