

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



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

**FIFTH SEMESTER – NOVEMBER 2022**

**UBC 5503 – COST ACCOUNTING**

Date: 25-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

## Part – A

**Answer all Questions:**

**(10 x 2 = 20 Marks)**

1. Define Costing :
2. Give a list of the functions of the purchasing department.
3. What is ABC analysis ?
4. Define Overhead
5. What is Batch costing ?
6. What is VED Analysis ?
7. What is Tender ?
8. What do you mean by Labour turnover ?
9. What do you mean by Normal Loss ?
10. What is retention Money ?

## Part – B

**Answer any Four**

**(4x10=40 Marks)**

11. Write the differences between Financial Accounting and Cost Accounting
12. What are the merits and demerits of job costing ?
13. Mr. Gopal furnishes the following data relating to the manufacturing of a standard product during the month of April 2007  
Raw materials consumed                      Rs.15,000  
Direct labour charges                          Rs.9,000  
Machine hours worked    900 hours  
Machine hour rate                              Rs.5  
Administrative overheads                      20% on works cost  
Selling overheads                              Re.0.50 per unit  
Unit produced                                  17,100  
Unit sold 16,000 units at Rs.4 per unit.  
Your required to prepare a cost sheet from the above, showing (a) the cost of production per unit (b) profit per unit sold and profit for the period.
14. From the following particulars prepare stores ledger account showing the pricing of materials issues under  
a) Simple average method and b) Weighted average method.

2-8-83	Opening stock 800 units at	Rs.4.20
3-8-83	Purchased 800 units at	Rs.4.20
4-8-83	Issued 1,200 units	
6-8-83	Purchased 1,600 units at	Rs.4.80
7-8-83	Issued 1,000 units	
9-8-83	Purchased 400 units at	Rs.6
11-8-83	Issued 800 units	
13-8-83	Issued 100 units	
15-8-83	Purchased 500 units at	Rs.8

15. X Ltd., has 3 production Departments A,B and C and 2 service departments D and E. Following information relates for the month of January 2004.

Rent	Rs.10,000
Depreciation for machine	Rs.20,000
Motive power	Rs.3,000
Indirect wages	Rs.23,000
Lighting	Rs.1,200

**Additional Information :**

Particulars	Production Dept.			Service Depts.	
	A	B	C	D	E
Area Occupied (sq. ft.)	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Direct wages (Rs.)	3000	2000	3000	1500	500
Horse power	60	30	50	10	---
Value of machine (Rs.)	60,000	80,000	1,00,000	5,000	5,000

Prepare Primary Overhead Distribution Statement.

16. (a) Prepare process accounts from the following details:

	Process A
Materials	Rs.30,000
Labour	Rs.10,000
Overheads	Rs.7,000
Normal loss	10%
Scrap value (per unit)	Rs.1.
Out put in units	17,500
20,000 units at Rs.2 each were introduced in process A	

(b) From the following information calculate the Labour turnover rate : using separation method, replacement method and flux method

Number of workers at the beginning of the period : 3,800

Number of workers at the end of the period : 4,200

During the year, 40 workers left while 160 workers are discharged. 600 workers are recruited during the year; of these 150 workers are recruited to fill up vacancies and the rest are engaged on account of an expansion scheme.

17. (a) The following are the expenses of Balaji & Co., in respect of a contract which commenced on 1<sup>st</sup> January 2010

	Rs
Materials purchased	50,000
Materials on hand	2,500
Direct wages	75,000
Plant issued	25,000
Direct expenses	40,000

The contract price was Rs.7,50,000 and the same was duly received when the contract was completed in August 2010. Charges indirect expenses at 15% on wages; provide Rs.5,000 for depreciation on plant and prepare the contract account.

(b) Calculate the economic batch quantity for a product using batch costing from the following details:

Annual demand for the product	2,000 units
Set up cost per batch	Rs.10
Cost of carrying inventory per unit	Re. 1

**Part – C**

**Answer any Two**

**(2x20=40 Marks)**

18. Explain the advantages and disadvantages of Cost Accounting.
19. (a) From the following work out the earnings for the week of a worker under.
- (a) Straight piece-rate
  - (b) Differential piece rate
  - (c) Halsey premium system
  - (d) Rowan system

Number of working hours per week 48

Wages per hour Rs.3.75

Normal time per piece 20 minutes

Rate per piece Rs.1.50

Normal output per week 120 pieces

Actual output for the week 150 pieces.

Differential piece rate 80% of piece-rate when output is below standard and 120% when above standard.

- (b) Calculate the machine hour rate from the following :

Cost of machine Rs.80,000

Cost of installation Rs.20,000

Scrap value after 10 years Rs.20,000

Rent, rates per quarter for the shop Rs.3,000

General lighting per month Rs.200

Shop supervision per quarter Rs.6,000

Insurance premium p.a. Rs.600

Estimated repairs p.a Rs.1,000

Power 2 units per hour at Rs.50 per 100 units. Estimated working hours per annum 2000. The machine occupies 1/4 of the total area of the shop. The supervisor devotes 1/6 of his time for supervising this machine. General lighting is to be apportioned on the basis of floor area.

20. (a) A company has three production departments and two service departments their respective expenditures are given below:

Production Department	Service Department
A Rs.800	X = Rs.234
B Rs.700	
C Rs.500	Y = Rs.300

Service departments given service in the following manner to various departments.

Service department:	A	B	C	X	Y
X	20%	40%	30%	--	10 %
Y	40%	20%	20%	20%	--

You are required to show the distribution of service department overheads under simultaneous equation method.

(b) John Joseph owns a fleet of trucks. His records for 2010 contain the following details

No. of trucks	10
Life of each truck in kms	2,00,000
Monthly distance run by a truck in kms.	5,000
Average empty running p.m	20%
Fuel usage – 1 litre for every 20 kms.	
	Rs.
Cost of truck	1,20,000
Scrap value at the end of life	20,000
Manager's salary per month	2,000
Accountant's salary per month	1,500
Driver's salary per truck per month	700
Cleaner's salary per truck per month	400
Salary of 3 mechanics common for all trucks each per month	500
Garage expense for 10 trucks p.a	12,000
Insurance at 2.4% on cost of truck p.a	
Road tax per truck p.a	1,200
Price of petrol per litre	10
Lubricants, tyres and repairs per k.m.	0.40
Compute cost per effective running K.m.	

21. Surya construction Ltd., with a paid up share capital of Rs.50 lakhs undertook a contract to construct MIG apartments. The work commenced on the contract on 1<sup>st</sup> april 2000. The contract price was Rs.60 lakhs. Cash received on account of the contract upto 31<sup>st</sup> march 2001 was Rs.18 lakhs (being 90% of the work certified). Work completed but not certified was estimated at Rs.1,00,000. As on 31st march 2001 materials at site was estimated at Rs.30,000 Machinery at site costing Rs.2,00,000 was returned to stores and wages outstanding were Rs.5,000 plant and machinery at site is to be depreciated at 5%.

The following were the ledger balance (Dr.) as per trial balance as on 31<sup>st</sup> march, 2001:

Land and building	23,00,000
Plant and machinery	25,00,000 [60% used for this contract]
Furniture	60,000
Materials	14,00,000
Fuel and power	1,25,000
Site expenses	5,000
Office expenses	12,000
Rates and taxes	15,000
Cash at bank	1,33,000
Wages	2,50,000

Prepare the Contract Account and Balance Sheet

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