

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –COMMERCE

[*****]

FOURTH SEMESTER – APRIL 2018

16UCO4MC01– COST ACCOUNTING

Date: 20-04-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

ANSWER ALL THE QUESTIONS:

(10 x 2 = 20 marks)

1. Define Cost Accounting.
2. What is idle time?
3. What is meant by labour turnover?
4. Define overhead.
5. What is Prime cost?
6. What is meant by ‘Memorandum Reconciliation Account’?
7. Find out the economic order quantity (EOQ) from the following particulars:

Annual usage : 6,000 units

Cost of material per unit : **Rs. 20**

Cost of placing and Receiving one order: **Rs. 60**. Annual carrying cost of one unit: 10 % of inventory value.

8. The production overhead of department A in a factory is budgeted at **Rs. 80,000**. It is anticipated that the labour hours worked during the same period will be 10,000 hours. Calculate the labour hour rate for the purpose of overhead absorption.
9. Calculate work cost:

Factory expenses **Rs. 700**

Office expenses **Rs. 300**

Selling expenses **Rs. 900**

Material consumed **Rs. 3,400**

10. A transport company operates 4 buses on a route 100 kms. long. Each bus makes three round trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one month period.

PART – B

ANSWER ANY FOUR QUESTIONS:

(4 x 10 = 40 marks)

11. Bring out the difference between Financial Accounting and Cost Accounting.

12. Elaborate the various methods of wage payments.

13. Vishnu Ltd purchased and issued the materials in the following order:

2018 March

| | | |
|----|-----------|----------------------------------------|
| 1 | Purchased | 300 units at Rs. 3 per unit. |
| 5 | Purchased | 500 units at Rs. 4 per unit. |
| 10 | Issued | 500 units |
| 12 | Purchased | 700 units at Rs. 4.50 per unit. |
| 15 | Issued | 700 units |
| 20 | Purchased | 300 units at Rs. 5 per unit. |
| 30 | Issued | 150 units |

Ascertain the quantity of closing stock as on 31st March and state its value under “Weighted average cost” method.

14. From the following particulars compute the machine hour rate.

| | |
|--------------------------------------------------|--------------|
| Cost of the machine | Rs.11,000 |
| Scrap Value | Rs. 680 |
| Repairs for the effective working life | Rs.1,500 |
| Standing charges for 4 weekly period | Rs.40 |
| Effective working life | 10,000 hours |
| Power used: 6 units per hour at 5 paise per unit | |
| Hours worked in 4 weekly periods: | 120 hours. |

15. From the following particulars, work out the earnings for the week of worker under:

- Straight piece rate system
- Differential piece rate system
- Halsey premium system
- Rowan system

No. of working hours per week – 48

Wages per hour – Rs.3.75

Rate per piece – Rs. 1.50

Normal time per piece – 20 minutes

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% of piece rate when output is above standard.

16. (A) Calculate labour turnover rate by applying:

- Separation method
- Replacement method
- Flux method

Number of workers on the payroll:

| | |
|-------------------------------|-------|
| At the beginning of the month | 900 |
| At the end of the month | 1,100 |

During the month 10 workers left; 40 workers were discharged and 150 workers were recruited. Of these, 25 workers are recruited in the vacancies of those leaving while the rest were engaged for an expansion scheme.

(B) Calculate the normal and overtime wages payable to a workman from the following data:

| Days | Hours worked |
|--------------|--------------|
| Monday | 8 |
| Tuesday | 12 |
| Wednesday | 10 |
| Thursday | 10 |
| Friday | 9 |
| Saturday | 4 |
| Total | 53 |

Normal working hours 8 hours per day; on Saturday – 4 hours.

Normal rate Rs.2 per hour.

Overtime – up to 9 hours in a day single rate and over 9 hours in a day at double rate or upto 48 hours in a week at a single rate and over 48 hours at double rate, whichever is more beneficial to the worker.

17. The following are the expenses of Latha& Co. in respect of a contract which commenced on 1.1.2017:

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

The contract price was Rs.750,000 and the same was duly received when the contract was completed in August 2017. Charge indirect expenses at 15% on wages; provide Rs.5,000 for depreciation on plant and prepare the contract account.

PART – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40 marks)

18. Aditya producing concern is divided into four departments. 'A', 'B', 'C' are production departments and 'D' is a service department. The actual expenses for a period are as follows:

| | Rs. |
|------------------------------------|------------|
| Rent | 10,000 |
| Repairs to plant | 6,000 |
| Depreciation of plant | 4,500 |
| Lighting expenses | 1,000 |
| Supervisory expenses | 15,000 |
| Fire insurance (on stock) | 5,000 |
| Power | 9,000 |
| Employer's liability for insurance | 1,500 |

The following information relates to four departments.

| | Departments | | | |
|--|-------------|---|---|---|
| | A | B | C | D |
| | | | | |

| | | | | |
|----------------------|----------|----------|----------|--------|
| Area (sq. Feet) | 1,500 | 1,100 | 900 | 500 |
| Number of lights | 75 | 11 | 9 | 5 |
| Number of employees | 200 | 150 | 100 | 50 |
| Total wages (Rs.) | 60,000 | 40,000 | 30,000 | 20,000 |
| Value of plant (Rs.) | 2,40,000 | 1,80,000 | 1,20,000 | 60,000 |
| Value of stock (Rs.) | 1,50,000 | 90,000 | 60,000 | - |

Apportion the costs to the various departments on the most equitable method.

19. Prepare a cost sheet by using the below information.

| | Rs. |
|-----------------------------------------------------|------------|
| Stock of raw materials on 1 st Dec. 2000 | 75,000 |
| Stock of raw materials on 31 st Dec 2000 | 91,500 |
| Direct wages | 52,500 |
| Indirect wages | 2,750 |
| Sales | 2,11,000 |
| Work-in-progress on 1 st Dec. 2000 | 28,000 |
| Work-in-progress on 31 st Dec 2000 | 35,000 |
| Purchases of raw materials | 66,000 |
| Factory rent, rates and power | 15,000 |
| Depreciation of plant and machinery | 3,500 |
| Expenses on purchases | 1,500 |
| Carriage outwards | 2,500 |
| Advertising | 3,500 |
| Office rent and taxes | 2,500 |
| Traveller's wages and commission | 6,500 |
| Stock of finished goods (1 st Dec 2000) | 54,000 |
| Stock of finished goods (31 st Dec 2000) | 31,000 |

20. From the following, prepare a reconciliation statement between cost and financial records:

| | Rs. |
|--------------------------------------------------|------------|
| Net profit as per financial records | 1,28,755 |
| Net profit as per costing records | 1,72,400 |
| Works overhead under-recovered in costing | 3,120 |
| Administrative overhead recovered in excess | 1,700 |
| Depreciation charged in financial records | 11,200 |
| Depreciation recovered in costing | 12,500 |
| Interest received but not included in costing | 8,000 |
| Obsolescence loss charged in financial records | 5,700 |
| Income tax provided in financial books | 40,300 |
| Bank interest credited in financial books) | 750 |
| Stores adjustment (credit in financial books) | 475 |
| Depreciation of stock charged in financial books | 6,750 |

21. The product of a company asks us through three distinct process took completion. They are known as A, B and C. From past experience, it is ascertained that the loss in incurred in each process is follows:

Process A: 2%; Process B: 5% and Process C: 10%.

In each case, the percentage of loss is computed on the number of units entering in the process concerned. The loss of each process possess a scrap value, the loss of process A and B sold at 5 per 100 units and the process of C at 20 per 100 units.

| Details | Process A Rs. | Process B Rs. | Process C Rs. |
|------------------------|------------------|------------------|------------------|
| Materials consumed | 6,000 | 4,000 | 2,000 |
| Direct labour | 8,000 | 6,000 | 3,000 |
| Manufacturing expenses | 1,000 | 1,000 | 1,500 |

20000 units have been issued to process a at a cost of Rs.10000. the output of each process has been as under:

Process A-19500 units; process b – 18,800 units; process c-16000 units.

There is no work in progress in any process.

Prepare process account.
