



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2019

### CO 5501– COST ACCOUNTING

Date: 12-04-2019  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

#### SECTION -A

Answer any **FOUR** questions

(4x10= 40 Marks)

1. Explain the scope and objectives of cost accounting.
2. What are the principles of a good wage payment system?
3. Write note on wastage, scrap, normal loss, abnormal loss, and abnormal gain. How are they treated in process account?
4. From the following information calculate (a). Economic order quantity, (b). Reorder level, (c) Maximum level (d) Minimum level and (e) average stock level Normal usage 150 units per day. Minimum usage 100 units per day. Maximum usage 200 units per day. Reorder period 50 to 60 days. The annual usage is 50,000 units. The cost of purchase is Rs.100 per order. Cost per unit is Re.1.00. Carrying cost is 10% per annum.
5. Calculate earnings of a worker from the following particulars; under:
  - a) Time rate system
  - b) Piece wage rate
  - c) Halsey plan
  - d) Rowan planWage rate Rs.2 per hour, Production time required for per unit – 15 minutes, Dearness allowance Rs.1.00 per hour, Standard time fixed – 80 hours, Actual time taken -50 hours, Production 250 units
6. Work out machine hour rate for the following machine whose scrap value is nil
  - 1) Cost of machine Rs.360000
  - 2) Freight and installation Rs.40000
  - 3) Working life 20 years
  - 4) Working hours – 8000 per year
  - 5) Repairs charge – 50% of depreciation
  - 6) Power- 10 units per hour @10paise per unit
  - 7) Lubricating oil @Rs. 2 per day of 8 hours
  - 8) Consumable stores @ Rs.10 per day of 8 hours
  - 9) Wages of operator @ Rs.4 per day.

7. The accounts of machine manufacturing company disclose the following information for six months ending 31<sup>st</sup> December 2018. Material used Rs.1,50,000. Direct wages Rs.1,20,000. Factory overheads –Rs.30,000. Administrative expenses Rs.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.
8. Compute cost per running kilometer from the following data of a truck. Estimated life of vehicle 100000kms. Annual running 15000 kms.
1. Cost of vehicle Rs.25000.00
  2. Load licence (Annual) Rs 750.00
  3. Insurance (Annual) Rs 700.00
  4. Garage rent (Annual) Rs 900.00
  5. Supervision and salaries (Annual) Rs 2700.00
  6. Drivers' wages per hour Rs.3.00
  7. Cost of fuel per litre Rs.3.00
  8. Repairs and maintenance per km Rs.1.75
  9. Tyre allocation per km Rs.0.90.

Charge interest at 5% per annum on cost of vehicle. The vehicle runs 20 kms. per hour on average and one litre of fuel give 20 km

### SECTION – B

Answer any **THREE** questions

(3x20 = 60 Marks)

9. Explain the different methods of apportionment of overheads.
10. What are the requisites of a good costing system?
11. The following figures are available from financial accounts for the year ending 31<sup>st</sup> March 2019.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock (500 units)	17,500	By Sales (10250 units)	7,17,500
To Materials	2,60,000	By Closing stock (250 units)	12,500
To Wages	1,50,000		
To Gross Profit c/d	3,02,500		
	<b>7,30,000</b>		<b>7,30,000</b>
To Factory expenses	94,750	By Gross profit b/d	3,02,500
To Administration expenses	1,06,000	By Interest received	250
To Selling expenses	55,000	By Rent received	10,000
To Bad debts	4,000		
To Preliminary expenses	5,000		
To Net profit c/d	48,000		
	<b>3,12,750</b>		<b>3,12,750</b>

The cost sheet shows the cost of materials at Rs.26 per unit and the labour cost as Rs.15 per unit. Factory overheads are absorbed at 60% of labour cost and administration overheads at 20% of work

cost. Selling expenses are charged at Rs. 6 per unit. The opening stock of finished goods is valued at Rs.45 per unit. You are required to prepare:

- 1) A statement showing cost and profit as per cost accounts:
- 2) A Statement showing the reconciliation of profit disclosed in cost accounts with the profit shown in financial accounts.

12. The product of a company passes through three distinct processes to completion. They are known as A, B, and C. From past experience it is ascertained that loss is incurred in each process as follow:
- a. Process C- 10%
  - b. Process B - 5%
  - c. Process A – 2%

In each case the percent of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs.5 per hundred units and that of process C at twenty rupees per 100 units.

Particulars	Process - A (Rs.)	Process – B (Rs.)	Process-C (Rs.)
Materials consumed	8000	6000	3000
Direct Labour	6000	4000	2000
Manufacturing Expenses	1000	1000	1500

20,000 units have been issued to process A at a cost Re.0.50 each. The output of process has been as under. Process A -19,500 units, Process B -18,800 units Process C -16,000 units. There is no work – in – progress in any process. Prepare process accounts.

13. Sun Manufacturing Ltd, have three production departments A, B, and C and two service departments X and Y, the following details pertaining to which are as under:

Particulars	A	B	C	X	Y
Floor space (Sq. feet)	20000	25000	30000	20000	5000
H.P of machine	60	30	50	10	-
Light points	100	150	200	100	50
Value of machine Rs.	600000	800000	1000000	50000	50000
Direct wages Rs.	30000	20000	30000	15000	5000
Working hours	3070	4475	2419	-	-

The following figures extracted from the accounting records are relevant.

Rent Rs.15000; General lighting Rs.6600; Indirect wages Rs.10000; Power Rs.15000; Depreciation on machines Rs.100000 and Sundries Rs.20000.

The expenses of service departments are allocated as under:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>X</b>	<b>Y</b>
<b>Y</b>	40%	20%	30%	10%	-
<b>X</b>	20%	30%	40%	-	10%

Calculate overhead charges recovery per hour.

14. From the following particulars, prepare stores ledger by adopting FIFO method and weighted average method of pricing of material issues

Date	Receipts	Issues
2019 May 1	300 tons at Rs.10 per ton	
10	200 tons at Rs.12 per ton	
12	400 tons at Rs.11 per ton	
15		250 tons
16		150 tons
18	200 tons at Rs.14 per ton	
20		300 tons
22	300 tons at Rs.15 per ton	
25	100 tones at Rs.16 per ton	
27		200 tons
31		100 tons

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