



# LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

**FOURTH SEMESTER – APRIL 2025**

**CO 4505 – COST ACCOUNTING**



Date: 24-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

## SECTION A

Answer ANY FOUR of the following

4 x 10 = 40 Marks

1. Explain the various advantages of cost accounting.

2. Prepare cost sheet from the following data:

Particulars	Rs
Direct materials consumed	50,000
Direct wages paid	40,000
Chargeable expenses	10,000
Indirect materials:	
Used in factory	8,000
Used in office	12,000
Used in selling	6,000
Used in distribution	4,000
Indirect labour :	
In factory	15,000
In office	20,000
In selling	18,000
In distribution	12,000
Indirect Expenses:	
Relating to factory	6,000
Relating to office	3,000
Relating to selling	1,000

3. Two materials, X and Y, 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:	X - 600 units and Y - 1000 units	
Re- ordering period:	X – 4 to 6 weeks	
	Y - 2 to 4 weeks	

Calculate for each material:

(a) Reorder level (b) Maximum level (c) Minimum Level (d) Danger level.

4. From the following particulars you are required to work out the earnings of a worker for a week under (a) Time rate (b) Piece rate (c)Halsey premium and (d) Rowan Premium plan

Standard working Hours	-	80 Hrs
Actual Time taken	-	50 Hrs
Wage rate	-	Rs 2 Per Hour
Production	-	250 Units
Production per Hour	-	4 Units
Dearness Allowance	-	Re 1 Per Hour

5. Ascertain the profit as per the financial books from the following information:

Profit as per cost accounts

Rs.  
25,000

		Closing stock over valued in cost books Preliminary expenses written off Profit on sale of building Admin expenses over recovered in cost books Works overhead under recovered in cost books Bank interest and transfer fee in financial books Interest on investment recorded in financial books Depreciation shown in excess in cost books Provision made for income tax	12,500 3,000 30,000 50,375 30,375 5,000 10,000 4,000 40,000																																					
6.	The following particulars relate to a manufacturing company which has three production departments A, B, C and Two service departments X and Y <div>(Amount in Rs)</div> <table><tr><td></td><td colspan="3">Production depts.</td><td colspan="2">Service depts.</td></tr><tr><td></td><td>A</td><td>B</td><td>C</td><td>X</td><td>Y</td></tr><tr><td>Total departmental overheads as per primary distribution</td><td>6,300</td><td>7,400</td><td>2,800</td><td>4,500</td><td>2,000</td></tr></table> <p>The company decided to charge service department cost on the basis of the following percentage. :</p> <table><tr><td></td><td>A</td><td>B</td><td>C</td><td>X</td><td>Y</td></tr><tr><td>X</td><td>40%</td><td>30%</td><td>20%</td><td>-</td><td>10%</td></tr><tr><td>Y</td><td>30%</td><td>30%</td><td>20%</td><td>20%</td><td>-</td></tr></table> <p>Find the total overhead of production department on the repeated distribution method.</p>					Production depts.			Service depts.			A	B	C	X	Y	Total departmental overheads as per primary distribution	6,300	7,400	2,800	4,500	2,000		A	B	C	X	Y	X	40%	30%	20%	-	10%	Y	30%	30%	20%	20%	-
	Production depts.			Service depts.																																				
	A	B	C	X	Y																																			
Total departmental overheads as per primary distribution	6,300	7,400	2,800	4,500	2,000																																			
	A	B	C	X	Y																																			
X	40%	30%	20%	-	10%																																			
Y	30%	30%	20%	20%	-																																			
7.	Compute Machine hour rate from the following Information given below: - Cost of Machine X           Rs.1,00,000 Installation charges       Rs 10,000 Life of the Machine       15 years Estimated Scrap value after (15 years) Rs 5,000 Insurance (per annum) Rs.960 Rent for shop (per month) Rs.200 Shop supervisors 's Salary (per month) Rs.600 General Lighting for the shop (per month) Rs.300 Repairs and maintenance per annum Rs 1000 Power consumption 10 units per hour Rate of power per 100 units Rs 20 Estimated Working hours per annum Rs 2,200 (This include setting up time of 200 Hours) Machine X occupies ¼ of the area and the supervisors devotes 1/5 <sup>th</sup> of his time to the machine.																																							
8.	Kerala Transport Corporation runs the following fleet of buses in a particular area of Cochin for 30 days in a month: 25 buses of 50 passenger capacity, on an average each bus makes 10 trips a day covering a distance of 8 kms in each trip with 75% of seats occupied. Generally,10% buses are kept from the for repairs. <table><tr><td></td><td>Rs</td></tr><tr><td>Monthly expenses:</td><td></td></tr><tr><td>Rent</td><td>2,500</td></tr><tr><td>Road tax</td><td>500</td></tr><tr><td>Salary of chief operating manager</td><td>1,500</td></tr><tr><td>Salary of three assistant manager</td><td>800 each</td></tr><tr><td>Salary of four supervisors</td><td>400 each</td></tr><tr><td>Wages of 30 cleaners</td><td>100 each</td></tr><tr><td>Wages of 25 drivers</td><td>240 each</td></tr><tr><td>Wages of 25 conductors</td><td>200 each</td></tr><tr><td>Consumable stores</td><td>4,500</td></tr><tr><td>Diesel</td><td>34,000</td></tr></table>					Rs	Monthly expenses:		Rent	2,500	Road tax	500	Salary of chief operating manager	1,500	Salary of three assistant manager	800 each	Salary of four supervisors	400 each	Wages of 30 cleaners	100 each	Wages of 25 drivers	240 each	Wages of 25 conductors	200 each	Consumable stores	4,500	Diesel	34,000												
	Rs																																							
Monthly expenses:																																								
Rent	2,500																																							
Road tax	500																																							
Salary of chief operating manager	1,500																																							
Salary of three assistant manager	800 each																																							
Salary of four supervisors	400 each																																							
Wages of 30 cleaners	100 each																																							
Wages of 25 drivers	240 each																																							
Wages of 25 conductors	200 each																																							
Consumable stores	4,500																																							
Diesel	34,000																																							

2

		Lubricants	5,500	
		Replacement of tires	1,750	
		Miscellaneous expenses	2,750	
		Depreciation	6,500	
		Workshop expenses	3,500	
Calculate the cost per passenger km of operating the service				
SECTION B				
Answer ANY THREE of the following			3 x 20 = 60 Marks	
9.	From the following particulars, prepare a statement showing the components of the total sales and the profits for the year ended 31 <sup>st</sup> December.			
			Rs	
		Stock of finished goods (1 <sup>st</sup> Jan)	6,000	
		Stock of Raw Materials (1 <sup>st</sup> Jan)	40,000	
		Work in progress (1 <sup>st</sup> Jan)	15,000	
		Purchase of Raw Materials	4,75,000	
		Carriage inwards	12,500	
		Factory rent, taxes	7,250	
		Other production expenses	43,000	
		Stock finished goods (31 <sup>st</sup> Dec)	15,000	
		Wages	1,75,000	
		Works' managers salary	30,000	
		Factory employee's salary	60,000	
		Power expenses	9,500	
		General expenses	32,500	
		Sales for the year	8,60,000	
		Stock of raw materials (31 <sup>st</sup> Dec)	50,000	
		Work in progress (31 <sup>st</sup> Dec)	10,000	
10.	Prepare stores ledger under FIFO method and LIFO method 1 <sup>st</sup> July 2021- Opening stock 2,000 unit at Rs. 10 each 5 <sup>th</sup> July- Received 1,000 units at Rs. 11 each 6 <sup>th</sup> July - Issued 500 units 10 <sup>th</sup> July-Received 5,000 units at Rs. 12 each 12 <sup>th</sup> July -Received back 50 units out of the issue made on 6 <sup>th</sup> July 14 <sup>th</sup> July -Issued 600 units 18 <sup>th</sup> July -Returned to supplier 100 units out of goods received on 5 <sup>th</sup> 19 <sup>th</sup> July -Received back 100 units out of the issue made on 14 <sup>th</sup> July 20 <sup>th</sup> July -Issued 150 units 25 <sup>th</sup> July- Received 500 units at Rs. 14 each 28 <sup>th</sup> July- Issued 300 units  The stock verification report reveals that there was a shortage of 10 units on 18 <sup>th</sup> July and another shortage of 15 units on 26 <sup>th</sup> July.			
11.	Explain the essentials of good wage system, the various methods of remuneration and incentives system.			
12.	The following particular relating to contract A is obtained at the year-end. Date of commencement of contract is April 1.			
			Rs	
		Contract Price	6,00,000	
		Material delivered direct to site	1,20,000	
		Materials issued from store	40,000	
		Material returned	4,000	
		Material at site 31 <sup>st</sup> Dec	22,000	
		Direct Labour	1,40,000	
		Direct Expenses	66,000	

Establishment Expenses	25,000
Plant Installed at site at cost	80,000
Value of Plant (31 <sup>st</sup> Dec)	65,000
Cost of contract not yet certified	23,000
Accrued wages on 31 <sup>st</sup> Dec	10,000
Accrued expenses on 31 <sup>st</sup> Dec	6,000
Value of contract certified	4,20,000
Cash received from Contractee	3,78,000
Architect's fees	2,000
Material transferred to contract B	9,000

You are required to prepare:

a) Contract account

b) Balance sheet extracts, showing work in progress clearly.

13. Arvind Ltd., has three production departments A, B and C and two service departments D and E The following figures are extracted from the records of the company:

Rent and rates Rs 5000

Indirect Wages Rs 1500

Depreciation of Machinery Rs 10,000

General Lighting Rs 600

Power Rs 1500

Sundries Rs 10,000

Following further details are available:

	Total	A	B	C	D	E
Floor space in square ft.	10,000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages (Rs)	10,000	3000	2000	3000	1500	500
H.P of machines	150	60	30	50	10	-
Value of machinery (Rs)	2,50,000	60,000	80,000	1,00,000	5000	5000
Working Hours	-	6226	4028	4066	-	-

The expenses of D and E are allotted as follows:

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

Calculate overhead recovery rate per hour.

14. Product A is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the week ending 31<sup>st</sup> October 2024

Items	Total Rs	Process		
		I Rs	II Rs	III Rs
Direct Materials	15,084	5,200	3,960	5,924
Direct wages	18,000	4000	6,000	8,000
Production overhead	18,000	-	-	-

1000 units at Rs 6 each were introduced to process I. There was no stock of material or work in progress at the beginning or at the end of the period. The output of each process passes direct to the next process and finally to finished stock. Production overhead cost is recovered on 100 % of direct wages. The following additional data are obtained:

Process	Output during the week	Percentage of Normal loss to input	Value of scrap per unit
Process – I	950 units	5 %	4
Process – II	840 units	10%	8
Process – III	750 units	15%	10

Prepare the process accounts.

#####