LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

FOURTH SEMESTER – **APRIL 2025**

UCO 4501 – 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. Define costing and explain the various objectives of Cost Accounting.

2. Two components X and Y are used as follows:
Normal usage - 600 units per week each
Maximum usage - 900 units per week each
Minimum usage: - 300 units per week each
Reorder quantity - X - 4,800 units and Y- 7,200 units
Reorder period: - X- 4 to 6 weeks and Y- 2 to 4 weeks.
Calculate for each component:
(a)Reorder level (b) Minimum Level (c) Maximum level (d) Average stock level

3. Calculate 1) Prime Cost 2) Factory Cost 3) Cost of Production 4) Cost of Sales and 5) Profit from the following Particulars

	Rs
Direct material	1,00,000
Direct wages	25,000
Direct Expenses	5,000
Wages of foremen	2,500
Electric power	500
Lighting:	
Factory	1,500
Office	500
Rent:	
Factory	5,000
Office	2,500
Salaries to salesmen	1,250
Advertising	1,250
Income tax	10,000
Sales	189,000

4. Calculate earnings of worker X and Y under (a) Straight piece rate system and (b) Taylor's differential piece rate system from the following details:
Standard Time per unit = 12 Minutes
Standard rate per hour =Rs 60
Differentials to be used 80 % and 120 %
In a particular day of 8 Hours, worker X produced 30 units and worker Y produced 50 units

5. Compute Machine hour rate from the Information given below: -
Cost of Machine X Rs.13,500
Life of the Machine 10 years
Estimated Scrap value after (10 year) Rs.1,980
Working hours 1,800
Insurance (per annum) Rs.45
Cotton wastes (per annum) Rs.75
Rent for dept (per annum) Rs.975

Foreman's Salary (per annum) Rs.7,500
Lighting for dept (per annum) Rs.360
Repairs for entire life Rs.1,440
Power: 10 units @ 7.5 paise per unit.

Machine X occupies 1/5 of the area and foreman devotes $1/4^{th}$ of his time to the machine. The machine has two light points out of the total 12 for lighting in the department.

6. The following expenses were incurred on an unfinished contract during the accounting year 2024.

Material	Rs 40,000
Wages	Rs 35,000
Other expenses	Rs 25000

Rs 2, 00,000 was received from the contractee, being 80% of the work Certified. Work done but not certified was Rs 10,000. Determine the profit to be credited to profit and loss account in all three alternatives given below.

a) Contract price Rs 4,00,000
b) Contract price Rs 8,00,000
c) Contract price Rs 20,00,000

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

	Rs.
Net profit as per financial records	1,28,755
Net profit as per costing records	1,72,400
Works overheads 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 books	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Store adjustments (credit in financial books)	475
Depreciation of stock charged in financial books	6,750

8. From the following particulars, Calculate the cost of running a taxi per kilometer:

Number of Taxi	10
Cost of each taxi	Rs 2,00,000
Salary of manager	Rs 6,000 p.m
Salary of accountant	Rs 5,000 p.m
Salary of cleaner	Rs 2,000 p,m
Salary of mechanic	Rs 4,000 p.m
Garage rent	Rs 6,000 p.m
Insurance premium on cost of truck p.a	5 % p.a
Annual tax	Rs 6,000 per taxi
Drivers' salary	Rs 2,000 per month per taxi
Annual repair	Rs 10,000 per taxi

The life of taxi is about 2,00,000 kms. A taxi runs in all 3000 k.m.in a month of which 30% runs empty. Petrol consumption is one litre for 10 k.m.at Rs 18 per litre. Oil and Other sundries are Rs 50 per 100 kms.

SECTION B

Answer ANY THREE of the following 3 x 20 = 60 Marks

9. Following data are extracted from the books of Kumar & Co for the year 2022

	Rs
Opening stock of raw materials	25,000
Closing stock of raw materials	40,000
Purchase of raw materials	85,000

Carriage inwards	5,000
Wages direct	75,000
Wages indirect	10,000
Other direct charges	15,000
Rent and rates – Factory	5,000
- Office	500
Indirect consumption of materials	500
Depreciation of plant	1,500
Depreciation of office furniture	100
Salary – office	2,500
Salary -salesmen	2,000
Other office expenses	900
Other factory expenses	5,700
Managing directors Remuneration	12,000
Other selling expenses	1,000
Travelling expenses	1,100
Carriage outwards	1,000
Sales	2,50,000
Advance income tax paid	15,000
Advertisement	2,000

Managing director's remuneration is allocated is Rs 4000 to the factory, Rs 2,000 to the office and Rs 6000 to the selling department. From the above information find out: a) Prime Cost b) Works Cost c) Cost of production d) Cost of sales e) Net Profit

10. The following is the history of the receipts and issues of material in a factory, during February. Prepare stores ledger account using FIFO Method.

Feb 1	Opening stock	500 units @ Rs 25
2	Issued	70 units
4	Issued	100 units
7	Issued	80 units
13	Received from supplier	200 units @ Rs 26
14	Refund of surplus from a work order	15 units @ Rs 25
16	Issued	180 units
20	Received from supplier	240 units @Rs 25
24	Issued	304 units
25	Received from supplier	320 units @Rs 28
26	Issued	112 units
27	Refund of surplus from a work order	12 units @Rs 27
28	Received from supplier	100 units @Rs 29

11. From the following particulars work out the earnings for the week of a worker under

(a) Time wage
(b) 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. 3.75
Normal output per week – 120 units
Actual output per week – 150 units
Normal time per piece – 20 minutes
Rate per piece Rs.1.50
Differential piece rate: 80% & 120%

12. Deepan Ltd., has three production departments X,Y and Z and two service departments A and B.The following figures are extracted from the records of the company:

Rent and rates Rs 5,000
Indirect Wages Rs 1,500

Depreciation of Machinery Rs 10,000
General Lighting Rs 600
Power Rs 1,500
Sundries Rs 10,000

Following further details are available:

	Total	X	Y	Z	A	B
Floor space in square feet	10000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages (Rs)	10000	3000	2000	3000	1500	500
H.P of machines	150	60	30	50	10	-
Value of machinery (Rs)	250000	60000	80000	100000	5000	5000

Apportion the cost to various departments on the most equitable basis by preparing a primary departmental distribution summary.

13. From the following information, prepare contract account in a tabular form and show how these figures appear in the Balance Sheet as on 31st December 2023.

Particulars	Contract		
	A	B	C
Commencement	1-1-2023	1-7-2023	1-10-2023
	Rs	Rs	Rs
Contract Price	80,000	54,000	60,000
Raw Materials	14,400	11,600	4,000
Wages	22,000	22,400	2,800
General Charges	800	560	200
Plant Installed	4,000	3,200	2,400
Materials on Hand	800	800	400
Wages accrued	800	800	360
Work certified	40,000	32,000	7,200
Work uncertified	1,200	1,600	400
Cash received in respect of work certified	30,000	24,000	5,400

Depreciation is to be charged on the plant @10% which was installed on the opening date of the contract in each case.

14. A Product passes through three processes I, II, and III. From the following information prepare the process accounts assuming that there was no opening or closing stocks.

	Process I (Rs)	Process II (Rs)	Process III (Rs)
Materials	1000	1500	500
Labour	5000	8000	6,500
Overheads	1050	1,188	2,009
Actual output (units)	9,500	9,100	8,100
Normal loss	3%	5%	8%

The wastage of process I was sold at Rs 25 paise per unit, that of process II at Rs 50 paise per unit and that of process III at Re. 1 per unit.

Raw materials of 10,000 units were introduced into process I in the beginning at a cost of Re. 1 per unit.

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