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:

	Rs.
Profit as per cost accounts	25,000

1

	Closing stock over valued in cost books	12,500	
	Preliminary expenses written off	3,000	
	Profit on sale of building	30,000	
	Admin expenses over recovered in cost books	50,375	
	Works overhead under recovered in cost books	30,375	
	Bank interest and transfer fee in financial books	5,000	
	Interest on investment recorded in financial books	10,000	
	Depreciation shown in excess in cost books	4,000	
	Provision made for income tax	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

(Amount in Rs)

	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

The company decided to charge service department cost on the basis of the following percentage. :

	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

Find the total overhead of production department on the repeated distribution method.

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 1/5th 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.

	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

		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 31st December.

	Rs
Stock of finished goods (1st Jan)	6,000
Stock of Raw Materials (1st Jan)	40,000
Work in progress (1st 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 (31st 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 (31st Dec)	50,000
Work in progress (31st Dec)	10,000

10.	Prepare stores ledger under FIFO method and LIFO method

        1st July 2021- Opening stock 2,000 unit at Rs. 10 each
        5th July- Received 1,000 units at Rs. 11 each
        6th July - Issued 500 units
        10th July-Received 5,000 units at Rs. 12 each
        12th July -Received back 50 units out of the issue made on 6th July
        14th July -Issued 600 units
        18th July -Returned to supplier 100 units out of goods received on 5th
        19th July -Received back 100 units out of the issue made on 14th July
        20th July -Issued 150 units
        25th July- Received 500 units at Rs. 14 each
        28th July- Issued 300 units

The stock verification report reveals that there was a shortage of 10 units on 18th July and another shortage of 15 units on 26th 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 31st Dec	22,000
Direct Labour	1,40,000
Direct Expenses	66,000

	25,000
Establishment Expenses	25,000
Plant Installed at site at cost	80,000
Value of Plant (31st Dec)	65,000
Cost of contract not yet certified	23,000
Accrued wages on 31st Dec	10,000
Accrued expenses on 31st 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 31st October 2024

Items	Total	Process		
	Rs	I	II	III
		Rs	Rs	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.

########