



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034
B.Com. DEGREE EXAMINATION – CORPORATE SEC.

FIFTH SEMESTER – APRIL 2013

BC 5501 - COST ACCOUNTING

Date: 10/05/2013

Dept. No.

Max. : 100 Marks

Time: 9:00 - 12:00

PART A

Answer All questions

Marks: 10 x 2=20

1. What do you understand by imputed cost and opportunity cost?
2. The annual demand for an item is 3200 units. The unit cost is Rs.6 and inventory carrying charges 25% p.a. If the cost of one procurement is Rs.150 determine EOQ.
3. What is ABC analysis?
4. A worker is allowed 60 hours time for completion of the job and the hourly rate is Rs.5. The actual time taken by the worker is 40 hours. Calculate the wages of worker under Rowan plan.
5. State any 4 causes of idle time.
6. a) Variable cost per unit remains ___ with changes in the level of output.
b) Charging of overheads to individual units is known as _____.
7. What is Job costing?
8. State true or false:
 - a) Hospitals use 'No of beds' as cost unit.
 - b) Room-day is the cost unit used in hotels.
9. What is Escalation clause?
10. A transport service company is running 4 buses between two towns which are 50km apart. Seating capacity of each bus is 40 passengers. The seating capacity utilized was 75%. All the 4 buses ran on all days of the month. Each bus had made one round trip daily. Calculate total Passenger kilometres covered during the month April.

PART B

Answer Any Five questions

Marks: 5x 8=40

11. Explain the various elements of Cost with example.

12. What is Labour Turnover? Explain its causes and effect.
13. Briefly explain various inventory control techniques.
14. Ascertain the Profit as per the financial books from the following information:

	Rs.
Profit as per cost accounts	2,00,000
Production overheads over recovered in cost books	600
Over absorption of selling overheads in cost books	5,500
Preliminary expenses written off	2,500
Goodwill written off	3,000
Interest on securities only credited in financial accounts	7,000
Dividend payment only charged in financial accounts	3,000
Closing stock undervalued in cost books	4,000
Income tax payment only charged in financial books	5,000
Under absorption of Administration overheads in cost books	3,500

15. G Ltd furnishes the following store transactions for June 2011.

June 1	Opening balance	250 units valued at Rs.1625
4	Issues	80 units
6	Receipts from B&Co.	500 units @ Rs. 5.75 per unit
7	Issues	120 units
10	Returns to B& Co.	100 units
12	Issues	150 units
13	Issues	200 units
15	Receipts from M&Co.	250 units @ Rs.6.10 per unit
17	Issues	100 units
19	Received replacement from B & Co	100 units
20	Returned from department material of M& Co	50 units
30	Shortage in stock taking	20 units

Calculate the value of stock according to FIFO method of pricing.

16. a)The following data relate to a particular stock item. (4 marks)

Normal usage 50 units per week
 Minimum usage 25 units per week
 Maximum usage 75 units per week
 Re-order period 4 to 6 weeks
 Calculate stock levels

- b) Explain Taylor's and Merrick's Differential Piece Rate system. (4 marks)

17. The Maharashtra Construction Company undertook the construction of a building at a contract price of Rs.12,00,000. The date of commencement of contract was 1st April 2000.

The following cost information is given for the year ended 31st March 2001.

Particulars	Rs.
Materials sent to the Site	3,00,000
Wages	4,40,000
Architect fees	55,500
Office and Administration overheads	1,51,000
Uncertified Work	55,000
Materials at the site at the end of the year	10,000
Cash received from the contractee (Being 90% of work certified)	9,45,000
Materials destroyed by Fire	5,000
Supervisor's Salary	60,000
Plant and Machinery at Cost	2,00,000

(Date of purchase- 1st July 2000. Estimated working life of the plant -10 years and its estimated scrap value at the end Rs.20,000)

You are required to prepare a contract account for the year ended 31st March 2001.

18. From the following data relating to Vehicle A compute the cost per running kilometer:

	A (Rs.)
Kilometers run (Annual)	15,000 km
Cost of vehicle	25,000
Road licence (Annual)	750
Insurance (Annual)	700
Garage rent (Annual)	600
Salaries (Annual)	1200
Driver wages per hour	10
Cost of fuel per litre	50
Km. run per litre	20 km
Repair charges per km	1.65
Tyre cost per km	0.80
Estimated life of the vehicle	1,00,000 km
vehicle run per hour	20 km

PART C

Answer any two questions

Marks: 2x 20 =40

19. Product X is obtained after it is processed through three distinct processes. The following information is available for the month of March 2011.

Particulars	Total	Process A	Process B	Process C
Material consumed	22,500	10,400	8,000	4,100
Direct Labour	29,320	9,000	14,720	5,600
Production Overheads	29,320	-	-	-

2000 units at Rs. 4 per unit were introduced in Process A. Production overheads to be distributed as 100% on direct labour.

The actual output and normal loss of the respective processes are:

Processes	Output in units	Normal loss on inputs	Value of scrap per unit (Rs.)
A	1800	10%	2
B	1360	20%	4
C	1080	25%	5

There is no stock or work-in-progress in any process. You are required to prepare Process Accounts.

20. Lighthouse Ltd have three production Departments P1, P2 and P3 and two Service Departments S1 and S2, the details pertaining to which are as under:

Particulars	P1	P2	P3	S1	S2
Direct wages (Rs)	3,000	2,000	3,000	1,500	195
Working hours	3,070	4,475	2,419		
Value of Machines (Rs)	60,000	80,000	1,00,000		
H.P of Machines	60	30	50	10	--
Light Points	10	15	20	10	5
Floor Space (Sq. ft)	2,000	2,500	3,000	2,000	500

The following figures extracted from the Accounting records are relevant:

	Rs.
Rent and Rates	5000
General Lighting	600
Indirect Wages	1,939
Power	1,500
Depreciation on Machines	10,000
Sundries	9,695

The expenses of the Service Departments are allocated as under:

	P1	P2	P3	S1	S2
S1 (%)	20	30	40	-	10
S2 (%)	40	20	30	10	-

21. From the following particulars, prepare a Cost Statement showing the components of Total Cost and Profit for the year ended 31st December 2010.

	<i>1-1-2010</i>	<i>31-12-2010</i>
	Rs.	Rs.
Stock of finished goods	8,000	19,000
Stock of raw materials	50,000	60,000
Work-in-progress	25,000	20,000

	Rs.		Rs.
Purchase of raw materials	5,75,000	Sales for the year	10,00,000
Carriage inward	22,500	Income tax	1,500
Wages	2,75,000	Dividend	2,000
Works Manager's salary	20,000	Debenture interest	4,000
Factory employees' salaries	40,000	Transfer to Sinking Fund for replacement of machinery	15,000
Factory rent, taxes and insurance	7,000		
Power expenses	9,000	Goodwill written off	10,000
Other production expenses	45,000	Payment of sales tax	16,000
General expenses	30,000	Selling expenses	9,250

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