



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FOURTH SEMESTER – APRIL 2016

BC 4504/BC 5501 – COST ACCOUNTING

Date: 22-04-2016

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

ANSWER ALL QUESTIONS

(10 X 2 = 20)

1. What are the different methods of costing?
2. Calculate the raw materials consumed from the following details:

	Rs.
Raw materials purchased	80,000
Sale of material scrap	1,000
Opening stock of raw materials	12,000
Closing stock of raw materials	21,000

3. Distinguish between Bin card and Stores ledger.
4. From the following figures, calculate Economic Order Quantity and the number of orders to be placed each year.
Annual consumption of materials – 4,000 units
Cost of buying per order – Rs. 5
Cost per unit – Rs. 2 per unit
Storage and Carrying cost – 8% on average inventory
5. Modi Ltd. follows Taylor's Differential Piece Rate. From the following data ascertain the earnings of workers X and Y
Standard time – 15 minutes per unit
Time worked – 8 hours
Units produced – X: 28 Y: 35
Normal piece rate per unit Rs. 2
6. In a company, weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The reorder quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A.
7. What are fixed and variable costs?
8. Calculate machine hour rate from the following:
Running hours p.a. 2,000 hours
Repairs p.a. Rs. 160
Rent p.a. Rs. 320

Cost of the machine – Rs. 4,000

Depreciation – 7 ½% p.a.

9. What do you understand by the term Abnormal loss in process costing?

10. What is Batch costing?

PART – B

ANSWER ANY FOUR QUESTIONS

(4 X 10 = 40)

11. What is material control? What are its objectives?

12. What is labour turnover? How is it measured?

13. Distinguish between Job costing and Contract costing.

14. Prepare cost sheet for the year 2010 from the following data, showing the total cost and cost per unit. Number of units produced 2,000.

	Rs.
Opening stock of raw materials	10,000
Purchases	1,80,000
Direct wages	56,000
Indirect wages	48,000
Closing stock of raw materials	12,000
Work in progress on 1.1.2010	5,000
Work in progress on 31.12.2010	6,000
Factory overheads	26,000
Office overheads	45,000
Selling overheads	16,000
Opening stock of finished goods (100 units)	20,000
Closing stock of finished goods (120 units)	?
Profit – 10% on sales	

During the year 2011, it is decided to increase the production to 2,400 units. It is anticipated that:

- (a) Material prices will increase by 10%
- (b) Wages will reduce by 20%
- (c) Other expenses will remain constant per unit
- (d) Expected profit is 20% on sales

Ascertain the selling price to be fixed per unit.

15. Obama co., which commenced business on 1st April 2009, sets before you the following information, and asks you to prepare a statement showing profit per radio sold (charging labour and material at actual cost; works overhead at 100% on labour and office overheads at 25% on works cost) and a statement showing the reconciliation between the profit as shown by the cost accounts and the profit as shown by the Profit and Loss Account for the year ending 31st March, 2010.

Two grades of radios are manufactured and are known as 'Trump' and 'Hillary'. There were no radios in stock or in the course of manufacture on 31st March 2010 and the number of radios sold during the year were: 'Trump' – 160 units and 'Hillary' – 95 units. The particulars given are as under:

	TRUMP (Rs.)	HILLARY (Rs.)
Average cost of materials per radio	28	32
Average cost of labour per radio	48	58
Selling price per radio	180	240

The works expenses were Rs. 16,800 and the office expenses were Rs. 6,220.

16. Merkel Co. Ltd. supplies the following details in respect of a truck of 5 ton capacity.

Cost of truck	Rs. 90,000
Scrap value	Rs. 4,500
Estimated life	10 years
Diesel, oil, grease	Rs. 15 per trip each way
Repairs and maintenance	Rs. 500 per month
Driver's wages	Rs. 500 per month
Cleaner's wage	Rs. 250 per month
Insurance	Rs. 4,800 per year
Tax	Rs. 2,400 per year
Supervision	Rs. 4,800 per year

The truck carries goods to and from city, covering a distance of 50 miles each way. While going to city full capacity weight is carried, but on return journey, only 20% capacity is full.

Assuming that the truck runs on an average 25 days a month, work out

(1) Operating cost per tonne mile

(2) Rate per ton per trip that the company should charge if profit of 50% on freightage is to be earned.

17. Putin Ltd. has three production departments P1, P2 and P3 and two service departments S1 and S2.

Following particulars are available for the month of March 2015 concerning the organisation:

	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour expenses	10,000

Following further details are also available:

	TOTAL	P1	P2	P3	S1	S2
Floor space (Sq. mts)	5,000	1,000	1,250	1,500	1,000	250
Light points (Nos)	240	40	60	80	40	20
Direct wages (Rs)	40,000	12,000	8,000	12,000	6,000	2,000
HP of machines (Nos)	150	60	30	50	10	-
Cost of machines (Rs)	2,00,000	48,000	64,000	80,000	4,000	4,000
Working hours		2,335	1,510	1,525		

The expenses of the service department are to be allocated as follows:

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

You are required to calculate the overhead absorption rate per hour in respect of the three production departments.

PART – C

ANSWER ANY TWO QUESTIONS

(2 X 20 = 40)

18. Money spent on installing a costing system is not expenditure but an investment – Comment.

19. Show the stores ledger entries as they would appear when using:

a. Weighted average method

b. LIFO method

of pricing issues, in connection with the following transactions:

April		Units	Value (Rs.)
1	Balance in hand b/f	300	600
2	Purchased	200	440
4	Issued	150	
6	Purchased	200	460
11	Issued	150	
19	Issued	200	
22	Purchased	200	480
27	Issued	250	

20. Cameroon building contractors began to trade on 1.1.94. Following was the expenditure on a contract for Rs. 12,00,000.

Materials issued from stores	3,00,000
Materials purchased for the contract	80,000
Plant installed at cost	1,40,000
Wages paid	4,80,000
Direct expenses paid	44,000
Establishment expenses	20,000
Direct expenses accrued due on 31.12.94	6,000
Wages accrued due on 31.12.94	4,000

Of the plant and materials charged to the contract, plant which cost Rs. 10,000 and materials costing Rs. 8,000 were lost. Some parts of the materials costing Rs. 5,000 were sold on a profit of Rs. 1,000. On 31st December 1994 plant which cost Rs. 4,000 was returned to stores and plant which cost Rs. 3,000 was transferred to some other contract.

The work certified was Rs. 9,60,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs. 6,000. Charge depreciation on plant at 10% p.a. You are required to prepare the contract account for the year ended 31st December 1994 by transferring to the Profit and Loss account the portion of profit if any, which you consider reasonable.

21. The product of a company passes through three distinct processes to completion as A, B and C.

From the past experience it is ascertained that loss is incurred in each process as: Process A – 2%, B – 5%, C -10%. In each case the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process has a scrap value. The loss of Processes A and B is sold at Rs. 5 per 100 units and that of Process C at Rs. 20 per 100 units.

The output of each Process passes immediately to the next process and the finished units are passed from Process C to stock.

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Materials consumed	6,000	4,000	2,000
Direct labour	8,000	6,000	3,000
Manufacturing expenses	1,000	1,000	1,500

20,000 units have been issued to Process A at a cost of Rs. 10,000. The output of each Process has been as under:

Process A – 19,500; Process B – 18,800; Process C – Rs.16,000. Prepare Process Accounts.

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