

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP

FOURTH& FIFTH SEMESTER – APRIL 2018

BC 4504/ BC 5501 – COST ACCOUNTING

Date: 08-05-2018

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

### PART A

#### ANSWER ALL THE QUESTIONS:

(10 X 2= 20)

1. Define cost.
2. What is cost accounting?
3. What is Bincard?
4. Write a note on Idle-time.
5. Define overhead.
6. What is Job costing?
7. Find out the amount of rent apportioned to each department?

Rent: Rs.8000; space occupied by departments:

A - 100 sq.feet; B - 200 sq.feet; C - 300 sq.feet; D - 400 sq.feet

8. Calculate kilometres and total passenger kilometres:

Number of buses	5
Trips made by each bus	4
Distance of Route	20kms (one way)
Days operated in a month	25
Capacity in each bus	50 passengers
Normal passengers travelled	90%

9. Ascertain Abnormal Loss/Gain Units;

Input : 5000 units

Normal Loss : 20%

Output : 4300 units

10. Compute the prime cost:

Direct material used	82000
Productive wages	17000
Royalty paid	11000
Hire charge of special machines	13000

### PART B

#### ANSWER ANY FOUR QUESTIONS:

(4 x 10 = 40)

11. Explain the objectives of cost accounting.
12. What do you meant by ABC analysis? State its advantages.
13. Explain the causes of Labour turnover.
14. Work out the machine hour rate for the following machine whose scrap value is nil;

- i) Cost of machine Rs.360000
- ii) Freight and installation Rs.40000
- iii) Working life: 20years
- iv) Working hours: 8000 per year
- v) Repair charges: 50% of depreciation
- vi) Power: 10 units per hour @ 10 paise per unit
- vii) Lubricating oil @ Rs.2 per day of 8 hours
- viii) Consumable stores @ Rs.10 per day of 8 hours.
- ix) Wages of operator @ Rs.4 per day

15. A construction company undertook a contract for a total value of 24 lakhs on 1.1.2008. it was estimated that the contract would be completed by 31.7.2009. You are required to prepare a contract account for the year 31.12.2008.

	Rs.
Wages	600000
Materials	300000
Materials at site on 31.12.2008	40000
Special plant	200000
Overheads	120000
Work certified	1600000
Depreciation at 10% per annum on plant	

Cash received is 80% of work certified. 8 % of value of materials issued and 7% of wages may be taken to have been incurred for the portion of work completed but not yet certified. Overheads are charged as percentage of direct wages.

16. Two components 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
- Ordering quantities : X-600 units  
Y-1000 units
- Delivery period : X-4 to 6 weeks  
Y-2 to 4 weeks

Maximum reorder period for emergency purchases X: 2 weeks; Y: 2 weeks.

Calculate for each component:

- a) Reordering level
- b) Maximum level
- c) Minimum level
- d) Danger level

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

	Rs.
Profit as per cost accounts	25000
Closing stock over valued in cost books	12500
Preliminary expenses written off	3000
Profit on sale of building	30000
Administrative expenses over recovered in cost books	50375
Works overhead under recovered in cost books	30375
Bank interest and transfer fee in financial books	5000
Interest on investment recorded in financial books	10000
Depreciation shown in excess in cost books	4000
Provision made for income tax	40000

### PART C

#### ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Draw a stores ledger card recording the following transaction under a) FIFO method and b) LIFO method

2010	July	1	Opening stock 2000 units at Rs.10 each
		5	Received 1000 units at Rs.11 each
		6	Issued 500 units
		10	Received 5000 units at Rs.12 each
		12	Received back 50 units out of the issue made on 6 <sup>th</sup> July
		14	Issued 600 units
		18	Returned to supplier 100 units out of goods received on 5 <sup>th</sup> July
		19	Received back 100 units out of the issue made on 14 <sup>th</sup> July
		20	Issued 150 units
		25	Received 500 units at Rs.14 each
		28	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

19. Explain in detail the various elements of cost.

20. The following details are available from a company's books

	Rs.
Stock of materials 1.1.2010	12800
Stock of finished goods 1.1.2010	28000
Purchases during the year	292000
Production wages	198800
Sale of finished goods	592000
Stock of raw materials 31.12.2010	13600
Stock of finished goods 31.12.2010	30000
Works overhead	43736
Office and general expenses	35547

The company is about to send a tender for a large plant. The costing department estimates that materials is required would cost Rs.20000 and wages for making the plant would cost Rs.12000. Tender is to be made keeping net profit of 20% on selling price. State what would be the amount of the tender, if based on the usual percentages.

21. A product passes through three processes. A,B, and C. The details of expenses incurred on the three processes during the year 2012 were as under:

	A	B	C
Units issued	1000		
	Rs.	Rs.	Rs.
Cost per unit issued	50		
Sundry materials	1600	3315	3220
Labour	2600	8000	6392
Sale price of output (per unit)	70	100	200

Actual output of the three processes was A-930 units; Process B- 540 units; Process C-210 units.

Two thirds of the output of process A and one-half of the output of process B was passed on to the next process and the balance was sold. The entire output of process C was sold.

The normal loss of the three processes, calculated on the input of every process, was:

Process A-5%; Process B-15% and Process C-20%

The loss of process A was sold at Re.1 per unit, that of process B at Rs. 3 per unit and that of process C at Rs.6 per unit.

Selling expenses were Rs.9000. these are not allocable to the processes. Prepare the three process accounts and Profit & Loss account.

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