



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com.DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – APRIL 2019

16UBC5MC01 – COST ACCOUNTING

Date: 15-04-2019
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Part – A

Answer all Questions:

(10 x 2 = 20 Marks)

1. Define 'costing'
2. What is Sunk Cost ?
3. What is 'Batch Costing' ?
4. What do you mean by ABC Analysis ?
5. What do you mean by Abnormal idle time ?
6. Cost price Rs.30375 and profit is 10% on sales. Calculate profit.
7. From the following information calculate Economic order quantity.
Quarterly consumption of materials 2000 kgs
Cost of placing one order Rs.50
Cost per unit Rs.40
Storage and carrying cost 8% on average inventory.
8. From the following information, calculate the labour turnover rate and labour flux rate:
Number of workers at the beginning of the year 3800
Number of workers at the end of the year 4200
During the year 40 workers leave while 160 workers are discharged. 600 workers are required during the year, of these 150 workers are recruited because of leavers and the rest are engaged in accordance with an expansion scheme.
9. What is meant by escalation clause?
10. The following information is extracted from the job ledger in respect of job No. 303:
Materials Rs.3400
Wages 80 hours at Rs.2.5 per hour.
Variable overheads incurred for all jobs Rs.5000 for 4000 labour hours.
Find the profit if the job is billed for Rs.4200.

Part – B

Answer any Four Questions

(4x10=40 Marks)

11. Write the advantages of cost accounting.
12. Write the differences between Financial Accounting and Cost Accounting.
13. Following data has been extracted from the records of a manufacturing company whose operations are varying from month to month.

	Maximum	Minimum
Machine hours	800000	300000
Manufacturing overheads (Rs. In lakhs)	52	32

Determine the fixed and variable components of manufacturing overheads using High and Low Point Method and hence compute the total manufacturing overheads for an activity level of 500000 machine hours

14. Mr. Gopal furnishes the following data relating to the manufacture of a standard product during the month of April, 2007.

Raw materials consumed	Rs.15000
Direct labour charges	Rs.9000
Machine hours worked	900
Machine hour rate	Rs.5
Administrative overheads	20% on works cost
Selling overheads	Re. 0.50 per unit
Units produced	17100
Units sold	16000 at Rs.4 per unit

You are required to prepare a Cost Sheet from the above, Showing (a) cost of production per unit ; (b) profit per unit sold and profit for the period.

15. Explain the advantages of contract costing.
16. A company has three production departments and two service departments their respective expenditures are

given below:	Production Department	Service Department
	A Rs.800	X = Rs.234
	B Rs.700	
	C Rs.500	Y= Rs.300

Service Departments given service in the following manner to various departments.

Service department:	A	B	C	X	Y
X	20%	40%	30%	--	10 %
Y	40%	20%	20%	20%	--

You are required to show the distribution of service department overheads under simultaneous equation method.

17. A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2000 and the following data are available for the year ended 31st march, 2001

	Rs. '000		Rs. '000
Contract price	35000	Plant Hire Charges	1750
Work Certified	20000	Wages Related Costs	500
Progress payments received	15000	Site Office Costs	678
Materials issued to Site	7500	Head office expenses Apportioned	375
Planning & Estimating Costs	1000	Site expenses incurred	902
Direct Wages Paid	4000	Work Not Certified	149
Materials Returned From Site	250		

The contractors own a plant which originally cost Rs.20 lacs has been continuously in use in this contract throughout the year. The residual value of the plant after 5 years of life is expected to be Rs.5 lacs. Straight line method of depreciation is in use.

As on 31st march, 2001 the direct wages due and payable amounted to Rs.270000 and the materials at site were estimated at Rs.200000

Prepare the contract account for the year ended 31st march, 2001, show the calculation of profit to be taken to the profit and loss account of the year and show the relevant balance sheet entries.

Part – C

Answer any Two Questions

(2x20=40 Marks)

18. What are the essential requirements of good costing system. ?

19. Discuss causes and effects of Labour Turnover.

20. From the following particulars prepare stores ledger account showing the pricing of materials issues under

Simple average method and weighted average method.

2-8-83 Opening stock	800 units at	Rs.4.20
3-8-83 Purchased	800 units at	Rs.4.20
4-8-83 Issued	1,200 units	
6-8-83 Purchased	1,600 units at	Rs.4.80
7-8-83 Issued	1,000 units	
9-8-83 Purchased	400 units at	Rs.6
11-8-83 Issued	800 units	
13-8-83 Issued	100 units	
15-8-83 Purchased	500 units at	Rs.8

21. The following is the Trail Balance of Premier Construction Company engaged on the execution of Contract No. 747 for the year ended 31st December 2001:

	Rs.	Rs.
Contractee's account	--	300000
(amount received against 75% cash certified)		
Buildings	160000	--
Creditors	--	72000
Bank balance	35000	--
Capital account	--	500000
Materials	200000	--
Wages	180000	--
Expenses	47000	--
Plant	250000	--
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	872000	872000
	=====	=====

The work on contract No. 747 was commenced on 1st January 2001. Materials costing Rs.170000 were sent to the site of the contract but those of Rs.6000 were destroyed in an accident. Wages of Rs.180000 were paid during the year. Plant costing Rs.50000 was used on the contract all through the year. Plant which cost Rs.200000 was used from 1st January to 30th September and was then returned to the stores. Materials of the cost of Rs.4000 were at site on 31st December 2001.

The contract was for Rs.600000 and the contractee pays 75% of the work certified. Work certified was 80% of the total contract work at the end of 2001. Uncertified work was estimated at Rs15000 on 31-12-2001.

Expenses are charged at 25% of wages. Plant is to be depreciated at 10% for the entire year. Prepare contract No. 747 account for the year end is 31-12-2001 and make out the balance sheet as on 31st December 2001 in the books of the premier construction company.

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