



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.com. DEGREE EXAMINATION – CORPORATE SEC.

FIFTH SEMESTER – NOVEMBER 2013

BC 5501 – COST ACCOUNTING

Date : 07/11/2013
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

PART - A

Answer ALL questions:

(10x2=20)

1. Mention two difference between 'Cost accounting' and 'Financial accounting'.
2. What is 'overtime premium'? How is it treated in Cost Accounts?
3. Explain any 2 methods of absorbing overheads.
4. What is batch costing? How is the optimum batch quantity determined?
5. Explain 'cost driver' in the context of activity based costing.
6. 1000 units are introduced in Process A during a particular period. 800 units are completed and transferred to Process B. 200 units 60% complete remain as closing work in progress. Total process cost for the period was Rs.4600. Calculate the value of closing work in progress.
7. Calculate economic order quantity from the following:
Annual consumption – 10000 kgs
Cost per kg – Rs.2
Ordering cost per order – Rs.50
Storage cost – 8% per annum
8. Calculate the bonus payable to a worker under Halsey plan and Rowen plan from the following:
Standard time for the job is 10 hours
Standard rate per hour is Rs.12
Time taken to complete the job is 8 hours
9. Process A produces 100 litres of main product and 20 litres of by-product after incurring a joint cost of Rs.4000. The by-product is sold for Rs.5 per litre and yields a profit of 20% on sales. Calculate the profit made on A, which is sold at Rs.60 per litre, after incurring Rs.600 separate expenses.
10. The following details relate to a machine:
Standing charges per month – Rs.3000
Depreciation per month – Rs.2000
The machine uses 2 units of power per hour at Rs.4 per unit
The machine works for 25 days in a month and 8 hours per day.
Calculate machine hour rate.

PART - B

Answer ANY FIVE questions:

(5x8=40 marks)

11. How are costs classified in costing?
12. Distinguish between 'joint products' and 'by-products'. How are they treated in cost accounting?
13. From the following data, calculate (a) Re-order quantity (b) Re-order level (c) Maximum level (d) Minimum level l.
Delivery period 2 to 4 days
Consumption rate 10 to 20 units per day
Ordering cost per order Rs.20
Annual requirement 5000 units
Annual storage cost per unit - 10% of inventory value.
Cost per unit – Rs.50

14. Find out the labour cost per hour, from the following:
 Worker is paid a salary of Rs.3000 per month, in addition to a DA of Rs.500 per month. He is entitled to bonus at 10% on wages plus DA. Employer's contribution to provident Fund is 8 % and towards ESI 1% of wages plus DA. The employer maintains a subsidized canteen, the monthly subsidy being Rs.2000. The number of employees who take advantage of this canteen is 100. Normal idle time amount to 5% of normal working hours. The average working days in a month are 25 of 8 hours each.

15. X owns 2 taxis costing Rs.3,00,000 each. The following information is available from the records maintained by him:

- Office expenses Rs.12000 per month
 - Salary for operating staff Rs.40000 per month
 - Garage rent Rs.4000 per month
 - Insurance premium 10% per annum on the cost of the vehicles
 - Road tax Rs.600 per month
 - Annual repairs Rs.6000 per taxi
 - Petrol consumption is 1 litre for every 20 kilometre at Rs.40 a litre
 - Engine oil is Rs.100 per 100 kms
 - The total life of a taxi is 1,50,000 kms.
 - A taxi runs on an average 5000 kms per month, of which 20% it runs empty.
- Calculate the fare to be charged per kilometer, if the company wants a profit of 20% on cost.

16. A contractor obtained a contract for Rs.3,00,000 on 1st April 2012. The expenses incurred during the year ended 31st March 2013 were as under:

Rs.			
Materials issued	80,000		
Wages paid	90,000		
Wages accrued		4,500	
Other expenses	12,500		
Plant issued	20,000		

Out of the materials issued, material costing Rs.5,000 were transferred to another contract.
 Materials at site on 31.03.2013 were valued at Rs.12,000.
 Material stolen at site Rs.2000. Depreciate plant at 20% p.a.
 The contractor had received Rs.1,80,000 in cash upto 31.03.2013 representing 75% of the work certified. Work uncertified was estimated at Rs.4,000.
 Prepare the contract account for the year ending 31/3/2013

17. A company has 3 Production departments and 2 Service departments. For a period the departmental Overhead expenses have been calculated as follows:

Production Departments

- Dept A Rs.1200
- Dept B Rs.1000
- Dept C Rs.900

Service Departments

- Dept X Rs.200
- Dept Y Rs.300

The expense of the Service Department are charged on a percentage basis as follows:
 Dept X - 20% to Dept A, 40% to Dept B, 30% to Dept C and 10% to Dept Y.
 Dept Y - 40% to Dept A, 20% to Dept B, 20% to Dept C and 20% to Dept X.
 The Machine hours in Dept A, B and C are estimated at 300, 200 and 150 hours respectively.
 Calculate the Works Cost of Job No.236, which requires material Rs.300, Labour Rs.250 and uses 6 hours of machine time in Dept A, 4 hours in Dept B and 5 hours in Dept C.

18. The accounts of a manufacturing company disclose the following information for the 6 months ending 31st December 2012.
 Material used – Rs.1,50,000
 Direct wages – Rs.1,20,000
 Factory overheads – Rs.30,000
 Administration overheads – Rs.15,000
 Prepare Cost sheet for the half year.
 Calculate the price at which the company should quote for the manufacture of a machine which requires material valued at Rs.1,250 and wages Rs.750, so as to yield a profit of 20% on selling price.
 Factory overheads are recovered as a percentage of wages and administration overheads as a percentage on works cost.

PART - C

Answer ANY TWO questions

(2x20=40 marks)

19. A product passes through three processes A, B and C. 20000 units costing 50 paise per unit was issued to Process A. Other details relating to the processes were as follows:

	A	B	C
Material consumed (Rs.)	6000	4000	2000
Labour (Rs.)	8000	6000	3000
Manufacturing expenses (Rs.)	1000	1000	1500
Percentage of scrap on input	2%	5%	10%
Sale value of scrap per 100 units (Rs.)	5	8	10
Output in units	19500	18800	16000

Prepare Process accounts, Abnormal Loss Account, Abnormal Gain Account and Normal Loss Account.

20. The financial records of X Ltd reveals the following:

Sales (18,000 units)	Rs.6,00,000
Material	Rs.2,40,000
Labor	Rs. 1,50,000
Factory overheads	Rs. 90,000
Office overheads	Rs. 41,000
Selling overheads	Rs. 28,000
Closing stock of finished goods (2000 units)	Rs.32,000
Closing work in progress	Rs.11,000
Goodwill written off	Rs.24,000
Interest received	Rs. 4,000

In the costing records, factory overheads are charged at 60% of wages, Office overheads at 10% of works cost and selling overheads at Rs.2 per unit sold.

Ascertain the profit as per financial books and the costing records.

Also prepare a statement reconciling the two profits.

21. From the following data, prepare Stores ledger under FIFO and Weighted Average Methods, for the month of December:

Purchases:

- 1st December 400 units at Rs.2 per unit
- 8th December 200 units at Rs.3 per unit
- 15th December 500 units at Rs.3.50 per unit
- 22nd December 300 units at Rs.4 per unit

Issues:

- 12th December 450 units
- 18th December 150 units
- 20th December 400 units
- 26th December 200 units
- 24th December: return from Production Dept.20 units out of the issues made on 20th December
- On 31st December, the stock verifier noticed a shortage of 20 units.

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