

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – NOVEMBER 2019

18/17/16UBC5MC01 – COST ACCOUNTING

Date: 29-10-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

Section – A

(10 x 2 = 20 Marks)

Answer ALL questions

1. What is historical costing?
2. Write a short note on sunk cost.
3. What is a 'Cost Sheet'?
4. Ascertain the profit for the year 2010: Cost of sales Rs.3,00,000; Profit at 20% of sales.
5. From the following particulars, calculate EOQ:
Annual requirements 10,800kgs; cost of purchasing and receiving one order Rs.1,000; Annual carrying cost Rs.20.
6. Write a short note on 'Labour Turnover'.
7. State the basis of Apportionment of the following service department expenses.
(a) Maintenance Department (b) Canteen Department (c) Storekeeping Department.
8. Define 'overheads'.
9. What is contract costing?
10. Write a note on 'Retention Money'.

Section – B

(4 x 10 = 40 Marks)

Answer any FOUR questions

11. Explain the importance of cost accounting.
12. You are required to compile a statement showing cost and profit from the information given, showing clearly (a) Material consumed (b) Prime cost (c) Works cost (d) Cost of production (e) Cost of sales (f) Profit and (g) sales.

	Rs.
Material purchased	2,00,000
Wages	1,00,000
Direct expenses	20,000
Opening stock of materials	40,000
Closing stock of materials	60,000

Factory overhead is absorbed at 20% on wages. Administrative overhead is 25% on the works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

13. From the following information, calculate:
 - (a) Maximum stock level
 - (b) Minimum stock level
 - (c) Reorder level
 - (d) Average stock level.Minimum consumption – 240 units per day
Maximum consumption – 420 units per day
Normal consumption – 300 units per day
Reorder quantity – 3,600 units per day
Reorder period – 10 to 15 days
Normal reorder period – 12 days.

14. From the following details, ascertain the amount of cash required for payment of salaries in a firm for the month of January:
- Normal time salaries Rs.65,000
 - Dearness allowance: 20% of (a)
 - Leave wages 5% of (a) and (b)
 - Employee's contribution to E.S.I and P.F. 3% and 5% respectively on (a) and (b)
 - Income tax deduction at source Rs.4,000
 - Deduction for insurance premium Rs.5,000
 - Festival advance to be recovered from 60 employees at Rs.100 per employee.
15. A machine was purchased on 1st January 1998. The following relate to the machine.
- Cost of Machine Rs.40,000
 Estimated life 15 years of 1,800 hours per year
 Estimated scrap value Rs.2,500
 Estimated repairs for whole life Rs.10,500
 Power consumed per hour 15 units at Re.0.07 per unit
 Insurance Rs.75 per month
 Consumable stores Rs.25 per month
 The machine is installed in a department whose monthly rent is Rs.500 and this machine occupies 1/5th of the area. Total monthly lighting cost is Rs.40 for 10 light points, of which 3 relate to the machine. A supervisor with monthly salary of Rs. 500, devote 1/4th of his time to this machine.
16. The following information is extracted from the records in respect of Job 707:
- Materials – Rs.3,400
 Wages:
 Department A: 80 hours at Rs.2.50 per hour
 Department B: 60 hours at Rs. 4 per hour
 Variable overheads:
 Department A: Rs.5,000 for 4,000 hours
 Department B: Rs.6,000 for 3,000 hours
 Fixed overheads Rs.7,500 for 10,000 hours.
 Calculate the price to be charged if the profit expected on cost is 10%.
17. Explain various practical applications of marginal costing.

Section – C

(2 x 20 = 40 Marks)

Answer any TWO questions

18. Explain the characteristics of an ideal costing system.
19. From the following transactions, prepare separately the stores ledger account, using the following methods: (i) FIFO and (ii) LIFO.
- | | | |
|---|------------------------------------|---|
| January 1 | Opening balance | 100 units @ Rs.5 each |
| January 5 | Received | 500 units @ Rs.6 each |
| January 20 | Issued | 300 units |
| February 5 | Issued | 200 units |
| February 6 | Received back Work order | |
| | Issued on 5 th February | 10 units |
| February 7 | Received | 600 units @ Rs.5 each |
| February 20 | Issued | 300 units |
| February 25 | Returned to supplier | 50 units purchased on 7 th Feb |
| February 26 | Issued | 200 units |
| March 10 | Received | 500 units @ Rs.7 each |
| March 15 | Issued | 300 units |
| Stock verification on 15 th March revealed a shortage of 10 units. | | |

20. The following particulars relate to a manufacturing company which has three departments A,B.C and two service departments X and Y.

	Departments				
	A Rs.	B Rs.	C Rs.	D Rs.	E Rs.
Total departmental overhead as per primary distribution	6,300	7,400	2,800	4,500	2,000

The company decided to charge the service department cost on the basis of the following percentage:

	Production Departments			Service Departments	
	A	B	C	X	Y
X	40%	30%	20%	---	10%
Y	30%	30%	20%	20%	----

Find the total overhead of production departments on the Repeated Distribution method.

21. A contractor obtained a contract for Rs.6,00,000 on 1st January 2008. The expenses incurred during the year ended 31st December 2008 were as under:

	Rs.
Materials	1,80,000
Wages paid	1,60,000
Wages accrued	10,000
Other expenses	25,000

The plant, specially installed for the contract, worth Rs.45,000 was returned to the stores subject to a depreciation of 20%. Materials at site on 31.12.2008 were valued at Rs.24,000.

The contractor had received Rs.3,60,000 in cash upto 31.12.2008, representing 80% of the work certified. Work uncertified was estimated at Rs.4,000.

Prepare the contract account, showing the profit for the year. Also show how the value of work-in-progress would appear in balance sheet as on 31-12-2008.

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