

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – COMMERCE**

FIFTH SEMESTER – NOVEMBER 2007

CO 5501 - COST ACCOUNTING

AU 12

Date : 26/10/2007
Time : 9:00 - 12:00Dept. No.

Max. : 100 Marks

SECTION - A**Answer ALL questions****(10 x 2 = 20 marks)**

1. List the various objectives of cost accounting.
2. Write a note on tender.
3. What is danger level of stock?
4. Give the meaning of labour turnover.
5. Give the basis of apportionment for the following expenses:
 - a) Factory rent
 - b) Welfare expenses
 - c) Creche expenses
 - d) Depreciation of plant and machinery
6. What is reconciliation of cost and financial accounts?
7. Write a note on retention money.
8. Bring out the meaning of abnormal gain.
9. Calculate EOQ from the following. Consumption during the year 600 units, carrying cost 20%, price per unit Rs.20, ordering cost Rs.12 per order.
10. From the following particulars calculate the labor cost per day of 8 hours.
 - a) Basic salary Rs.5 per day
 - b) Dearness allowance: 20 paise per every point over 100 cost of living index for workers – current cost of living index 800 points.
 - c) Leave salary 5% of (a) and (b)
 - d) Employers contribution of provident fund 8% of [a] and [b].
 - e) Employers contribution to state insurance 5% of [a] [b] and [c].
 - f) No. of working days in a month 25 days of 8 hours each.

SECTION - B**Answer any FIVE only****(5 x 8 = 40 marks)**

11. Differentiate between bin card and stores ledger.
12. Differentiate between process costing and job costing.
13. A worker is paid Rs.300 pm. in addition to dearness allowances of Rs.75pm. He is entitled to bonus @ 10% on wages. Employer's contribution is 8.33% of wages towards contributory provident fund to which worker also contributes an equal amount. The contribution for ESI is 1% for employer and ½% for worker. The employer maintains a canteen where subsidized lunch and tea are provided to workers and a monthly subsidy of Rs. 3000 is provided to the canteen. The total number of employees who take the advantage is 400. Normal idle time amounts to 20%. The worker is entitled to 15 days earned leave during the year. The number of working days should be taken to as 300 of 8 hours each. Find out the labour cost per hour.
14. From the following prepare a reconciliation statement.

Net loss as per costing records.	172400
Works overhead under recovered in cost accounts	3120
Admn overhead recovered in excess	1700
Depreciation charged in financial accounts	11200
Deprecation recovered in cost accounts	12500
Interest received not included in costing	8000
Obsolescence loss charged in financial records	5700
Income tax provided in financial books	40300
Bank interest credited in financial books	750
Stores adjustment credited in financial books	475
Value of opening stock in cost accounts:	52600
Value of opening stock in Financial accounts:	54000
Closing stock in cost accounts:	52000
Closing stock in Financial accounts:	49600
Interest charged in cost accounts but not in financial	6000
Preliminary exps written off in financial accounts	800
Provision for doubtful debts in financial accounts	150
15. Components A and B are used as follows.

Normal usage	50 units per week each
Minimum usage	25 units per week each
Maximum usage	75 units per week each
Re order quantity	A 300 units B 500 units
Re order Period	A 4 to 6 weeks B2 to 4 weeks
Calculate the each component:	
Reorder level	Minimum level
	Maximum stock level
	Average stock level

16. Modern manufacturing co. submits the following information on 31st march 2006. Prepare a Cost Sheet.

Sales for the year	275000
Opening stock of finished goods	7000
Opening work in progress	4000
Purchase of material	110000
Opening stock of raw material	3000
Closing stock of raw material	4000
Direct labour	65000
Factory overheads 60% of direct labour cost	
Closing work in progress	6000
Closing stock of finished goods	8000
Selling expenses 10% of sales	
Admn exps. 5% of sales.	

17. K ltd. has three products depts.. P1, P2, and P3 and two service departments S1 and S2. Information is as follows.

Rent and rates 5000, indirect wages 1500, depreciation of machinery 10000, general lighting 600, power 1500, sundries 10000.

Particulars	Total	P1	P2	P3	S1	S2
Floor space sq mtr	10000	2000	2500	3000	2000	500
Light points	60	10	15	20	10	5
Direct wages [Rs]	10000	3000	2000	3000	1500	500
HP of machines	150	60	30	50	10	---
Value of machinery	250000	60000	80000	100000	5000	5000

Apportion the cost to various departments and prepare a primary departmental distribution summary.

18. Ucal construction ltd. Took a contract in 2006 for road construction. The contract price was Rs.10,00,000 and its estimated cost of completion would be Rs.9,20,000. At the end of 2006 the company received Rs. 360000 representing 90% of work certified. Work not certified was Rs.10000. The expenses were: Material 50000, labour 300000, plant 20000. Materials costing Rs.5000 were damaged and had to be disposed of for Rs.1000. plant was depreciated by 25%. Prepare contract account for the year 2006.

SECTION - C

Answer any TWO only.

(2 x 20 = 40 marks)

19. From the following details, prepare stores ledger using weighted average method. November

1. Opening stock 2000 units @ Rs.5 each.
3. Issued 1500 units
4. Received 4500 units @ 6 each.
8. Issued 1600 units.
9. Returned to stores 100 units [from the issue of Nov, 3rd]
16. Received 2400 units @ 6.50 each
19. Returned to supplier 200 units out of quantity received on Nov. 4th.
20. Received 1000 units @ 7 each.
24. Issued to production 2100 units.
27. Received 1200 units at 7.50 each.
29. Issued 2800 units

20. S ltd has furnished the following information from the financial books for the year ended 31.03.2006

Profit and loss account for the yr ended 31st march 2006.

Opening stock 500 units @ Rs.35 each	17500	Sales 10250 units	717500
materials consumed	260000	Closing stock 250 units @ Rs.50 each	12500
wages	150000		
Gross profit c/d	302500		
	730000		730000
Factory overheads	94750	Gross profit b/d	302500
Administration	106000	Interest	250
Overheads	55000	Rent received	10000
Selling expenses	4000		
Bad debts	5000		
Preliminary exps.	48000		
Net profit	312750		312750

The cost sheet shows the cost of material as Rs, 26 per unit and the labour cost as Rs. 15 per unit. The factory overheads are absorbed at 60% of labor cost and admn o/h at 20% of factory cost. Selling exps are charged at Rs.6 per unit. The opening stock of finished goods is valued at Rs.45 per unit. You are required to prepare

- a. A statement showing profit as per cost accounts for the year ended 31.03.2006
 - b. A statement showing the reconciliation of profit disclosed in cost accounts with the profit shown in financial accounts.
21. A product passes through three process A, B and C. The normal loss of process A – 3%, process B-5%, and process C-8%. Loss of process A was sold at 25 paise per unit, process B at 50 paise per unit and C at Re.1 Per unit.10000 units were introduced to process A at Re. 1 per unit. The other expenses were as follows.

Particulars	Process A	Process B	Process C
Material	2050	2688	2509
Labour	5000	8000	6500
Actual output in units	9500	9100	8100

Prepare process accounts assuming no opening and closing stock.

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