



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – JUNE 2015

CO 4505/CO 5501 - COST ACCOUNTING

Date : 03/07/2015
Time : 10:00-01:00

Dept. No.

Max. : 100 Marks

SECTION A

ANSWER ALL QUESTIONS 10X2=20

1. What is Cost Accounting?
2. What is a Cost Sheet?
3. What is Process Costing?
4. What is Operation Costing?
5. Define 'Overheads'
6. What is Machine Hour Rate?
7. Write short note on Equivalent Production Units.
8. What is Works Cost?
9. What is Economic Ordering Quantity
10. Explain the meaning of 'Work Certified'.

SECTION B

Answer Any FOUR Questions 4x10=40

11. Calculate the earnings of workers X and Y under
(A) Straight piece rate system and (B) Taylor's differential piece rate system from the following details:
Standard time per unit 12 minutes,
Standard rate per hour = `60,
Differentials to be used 80% and 120%.
In a particular day 8 hours, worker 'X' produced 30 units and worker 'Y' produced 50 units.
12. From the following prepare a stores ledger under FIFO method of pricing out issues. 2005 August

1 Opening balance 50 units @ ` 3 per unit
 5 Issued to production 2 units
 7 Purchased 48 units @ `4 per unit
 9 Issued 20 units to production
 19 Purchased 76 units @ `3 per unit
 24 Received back into stores 19 units out of 20 units issued on 9th August 2005
 27 Issued to production 10 units

13. Reena Bros. undertook a building construction contracts . the contract was commenced on 1.1.2001 and completed on 30.6.2001. he incurred the following expenses .

Material consumed	16,750
Material in hand on 30.6.2001	4,750
Wages	14,250
Direct expenses	72,600
Plant purchased	36,000

Provide depreciation @10% p.a on plant. Indirect expenses amount to 20% on wages. Prepare contract a/c and contractee a/c in the books of contractor.

14. Distinguish between Financial accounting and Cost accounting.
 15. What are the advantages and limitations of Process Costing?
 16. Prepare the reconciliation statement from the following data:

Net profit as per financial books	63,780
Net profit as per cost books	66,760
Factory overhead under recovered in costing	5,700
Administrative overheads recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received in but not included in costing	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustments credited in financial books	420

Depreciation of stock charged in financial books	1,200
Loss due to pilferage provided only in financial books	260

17. Explain the scope and objectives of Cost Accounting?

SECTION C

Answer Any TWO Questions 2x20=40

18. A product passes through three processes, A, B and C. The normal wastage of each process is as follows; Process A- 3%; B- 5%; C- 8%. The wastage of process A was sold at `0.25 per unit, B at `0.50 per unit and C at `1 per unit. 10,000 units were introduced in process A at a cost of `1 per unit. The other expenses are:

	Process-A	Process-B	Process-C
Sundry materials	1,000	1,500	500
Labour	5,000	8,000	6,500
Direct expenses	1,050	1,188	2,009
Actual output (units)	9,500	9,100	8,100

Prepare the process accounts, assuming that there were no opening or closing stocks. Also give the abnormal loss and abnormal gain account, normal loss account.

19. Prepare the cost sheet to show the total cost of production and cost per unit of goods manufactured by a company for the month of July, 2007. Also find the cost of sales and profit.

Stock of Raw Materials, 1-7-2007	3,000
Office Rent	500
Raw Materials purchased	28,000
General expenses	400
Stock of Raw materials, 31-7-2007	4,500

Discount on sales	300
Manufacturing wages	7,000
Advertisement expenses to be charged fully	600
Depreciation on plant	1,500
Loss on the sale of a plant	300
Income tax paid	2,000
Factory rent and rates	3,000

The number of units produced during July 2007 was 3,000. The stock of finished goods was 200 and 400 units on 1-7-2007 and 31-7-2007 respectively. The total cost of the units on hand on 1-7-2007 was Rs.2,800. All these had been sold during the month.

20. In a factory, there are two service departments I & II and three production departments A,B and C. In April 2002, the departmental expenses were:

Departments	A	B	C	I	II
	6,50,000	6,00,000	5,00,000	1,20,000	1,00,000

The expenses of the service departments are allotted on a percentage basis as follows:-

	A	B	C	I	II
I	30	40	15	-	15
II	40	30	25	5	-

Prepare a statement showing distribution of the expenses of the two services department on a percentage basis by repeated distribution method.

21. Mrs. APARANA runs a tempo service in the town and has two vehicle. He furnishes you the following data and want's you to compute the cost per running mile:

Vehicle A	Vehicle B

Cost of vehicle	25000	15000
Licensee per year	750	750
Salary p.a	1800	1200
Drivers wages per hour	4	4
Cost of fuel per litre	1.50	1.50
Repair and maintenance per mile	1.50	2.00
Tyre cost per mile	1.00	0.80
Garage rent p.a	1600	550
Insurance premium p.a	850	500
Miles run per litre	6	5
Mileage run during the year	15000	6000
Estimated life of vehicles	100000 miles	75000 miles

Charge interest at 10% p.a on the cost of vehicle. The vehicles run 20 miles per hour on an average.