



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – APRIL 2019

### CO 4505– COST ACCOUNTING

Date: 12-04-2019  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

#### PART A

Answer any **FOUR** Questions 4X10=40

1. Define cost accounting. Wire the difference between cost accounting and financial accounting.
2. A workman's wage for a guaranteed 44 hour is `10 per hour. The estimated time to produce one article is 30 minutes and under incentive scheme the time allowed is increased by 20%,. During one week the workman manufactured 100 articles. Calculate the gross wages under each of the following methods of remuneration:  
Time-rate  
Piece work with a guaranteed weekly wage  
Rowan premium bonus  
Halsey premium bonus, 50% to worker.
3. Define Overheads. Distinguish between allocation, apportionment and absorption of overheads
4. A Ltd prices issues under F.I.F.O method. From the following prepare the Stores Ledger for the month of October 2012:

October 1	Opening balance 500 units at `2 per uni
6 <sup>th</sup>	Issued 250 units
13 <sup>th</sup>	Received 200 units at `1.90 per unit
15 <sup>th</sup> on 6 <sup>th</sup>	Returned from Department 15 units out of the issues
20 <sup>th</sup>	Issued 180 units
22 <sup>nd</sup>	Received 240 units at `1.80 per unit
29 <sup>th</sup>	Issued 300 units
On 30 <sup>th</sup>	October the stock verifier found a shortage of 10 units.

5. The accounts of a machine manufacturing company disclose the following information of six months ending 31<sup>st</sup> December 2007.

Materials used	`1,50,00
Direct wages	`1,20,000;
Factory overheads	`30,000
Administrative expenses	`15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at ₹1,250 and expenditure in productive wages ₹750, so that the price might yield a profit of 20% on the selling price.

6. From the following information calculate:  
 a) Economic order quantity,    b) Reorder level,    c) Maximum level,  
 d) Minimum level.  
 Normal usage is 150 units per day. Minimum usage is 100 units per day.  
 Maximum usage is 200 units per day. Reorder period 50 to 60 days. The  
 annual usage is 50,000 units. The cost of purchase is ₹100 per order. Cost  
 per unit is ₹1 carrying cost is 10% per annum.
7. The firm employs 5 workers at an hourly rate of ₹25/- During the week  
 they worked for 4 days for a total period of 40 hrs each and completed a  
 job for which the standard time was 48 hrs for each worker. Calculate the  
 labour cost, under Rowan method.
8. Calculate the re-order quantity from the following particulars:
- |                            |              |
|----------------------------|--------------|
| Annual usage               | 30,000 units |
| Buying cost per order      | ₹15          |
| Cost per Unit              | ₹100         |
| Cost of carrying inventory | 10% of cost  |

### PART B

Answer any **THREE** Questions 3X20=60

9. From the following data, prepare a Reconciliation Statement.
- |  |          |
|--|----------|
| Profit as per cost accounts                      | 1,50,000 |
| Works overheads under-recovered                  | 10,000   |
| Administrative overheads under-recovered         | 22,500   |
| Selling overheads over-recovered                 | 18,500   |
| Overvaluation of opening stock in cost accounts  | 16,000   |
| Overvaluation of closing stock in cost accounts  | 7,000    |
| Interest earned during the year                  | 4,250    |
| Rent received during the year                    | 27,000   |
| Bad debts written off during the year            | 8,500    |
| Preliminary expenses written off during the year | 17,000   |
10. The following details are available from the books of accounts of accounts  
 of a contractor for the year ended 31<sup>st</sup> March, 2003 with respect to  
 particular contract No.313. He has undertaken for a manufacturing  
 organization:
- |                                 |          |
|---------------------------------|----------|
| Materials sent to site          | 5,11,800 |
| Labour engaged in site          | 4,66,100 |
| Cost of plant installed at site | 1,00,000 |

Direct expenses	24,000
Establishment expenses	29,000
Materials returned to stores	2,120
Work certified	10,70,000
Cost of work not certified	31,000
Materials in hand as on 31 <sup>st</sup> March, 2003	12,220
Accrued wages as on 31 <sup>st</sup> March, 2003	11,160
Accrued Direct expenses	1,330
Value of plant as revealed on 31 <sup>st</sup> March,2003	88,000

The contractor price agreed upon with the Contractee is `13, 00,000 payment of `9,90,000 has been received from the Contractee. You are required to prepare the contract account, computing and incorporating the said account the profit to be taken to the profit and loss account for the year ended 31<sup>st</sup> March, 2003

11. Lakshmi Travels, a transport company is running a fleet of six buses between two towns 75 kms apart. The seating capacity of each bus is 40 passengers. The following particulars are available for the month of April, 2005.

Wages of Drivers, Conductors, etc	` 3,600
Salaries of office and supervisory staff	` 1,500
Diesel oil etc	`10,320
Repairs and maintenance	` 1,200
Taxes and Insurance	` 2,400
Depreciation	`3,900
Interest and other charges	`3,000

The actual passengers carried were 80% of the capacity. All the buses run all the days in the month. Each bus made one round trip per day. Find out the cost per passenger kilometer.

12. 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.

13. From the following particulars write up the stores ledger account under FIFO and LIFO methods :

May 1 Balance 50 units at `25 per unit  
3 Received 300 units at `30 per unit  
5 Issued 200 units  
7 Issued 120 units  
8 Received back 10 units issued on (May 7)  
10 Shortage 15 units  
15 Received 200 units at `32  
18 Issued 150 units  
19 Issued 50 units  
20 Shortage 10 units

14. The product of a company passes through two processes to completion known as A and B. From the past experience it is ascertained that Loss is incurred in each process as:

Process A 2% Process B 5%

In each case, the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possess scrap value. The loss of processes A and B is sold at `5 per 100 units. The output of each process passes immediately to the next process and the finished units are passed into stock.

	Process A	Process B
Materials consumed	`6,000	`4,000
Direct Labour	`8,000	`6,000
Manufacturing expenses	`1,000	`1,000

20,000 units have been issued to process A at a cost of `10,000. The output of each process has been as under:

Process A 19,500; Process B 18,800.

Prepare Process Accounts.

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