



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – NOVEMBER 2023

### UCO 4501 – COST ACCOUNTING

Date: 31-10-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

#### SECTION – A

ANSWER ALL THE QUESTIONS

10 x 2 = 20

- List out the various elements of Cost.
- When opening stock of raw material is ₹ 20,000, purchase of materials is ₹ 1,04,000 and the closing stock of raw material is ₹ 12,000, then what is the Inventory turnover ratio?
- Give a brief note on Labour Turnover.
- Define Overheads.
- Find out profit as per cost records when profit as per financial records is ₹ 1,20,000; depreciation as per financial accounts is ₹ 20,000 and cost accounts is ₹16,000
- List out the objectives of Job Costing.
- What do you mean by Work Uncertified?
- What is Operating Costing?
- What is called Abnormal Loss in Process Costing?
- Write a short note on Activity Based Costing.

#### SECTION – B

ANSWER ANY FOUR QUESTIONS

4 x 10 = 40

11. Two types of materials “A1” & “A2” are used for making a product and the requirements are:

Reorder Quantity	A1 – 2,400 Units
	A2 – 2,000 Units
Reorder Period	A1 – 2 to 4 Weeks
	A2 – 3 to 6 Weeks
Normal Consumption	600 Units per week each
Minimum Consumption	300 Units per week each
Maximum Consumption	900 Units per week each

Calculate Reorder Level, Maximum Stock Level, Minimum Stock Level and Average Stock Level.

12. From the following information, calculate earnings of a worker under: a) Time Rate System; b) Piece Wage System; c) Halsey Premium Plan, & d) Rowan Premium Plan.

Wage Rate - ₹ 2 per hour

Production per hour – 4 Units

Dearness Allowance - ₹ 1 per hour

Standard time fixed – 80 hours

Actual Time Taken – 50 hours

Production – 250 Units

- What are the various advantages of cost accounting to the management ?
- Distinguish between Job Costing & Contract Costing.
- Determine the Composite Machine Hour Rate from the following information:

Cost of Machine	₹ 7,20,000	Power: 10 units per hour @ ₹ 0.20 per unit
Freight & Installation	₹ 80,000	Lubricating Oil @ ₹ 4 per day of 8 hours
Working Life	20 Years	Consumable Stores @ ₹ 20 per day of 8 hours
Working Hours	8,000 p.a.	Wages of Operator @ ₹ 8 per day
Repair Charges – 50% of Depreciation.		

16. From the following details prepare a reconciliation statement between cost and financial records:

Particulars	Amount
Works overhead under recovered in costing	6,240
Office overhead recovered in excess	3,400
Depreciation as per financial records	22,400
Depreciation as per cost records	25,000
Interest received but not included in costing records	16,000
Loss due to obsolescence recorded in financial records	11,400
Income tax provided in financial records	80,600
Bank interest credited in financial records	1,500
Stores adjustment credited in financial records	950
Fire insurance premium on stock charged recorded in financial records	13,500
Profit as per cost records	3,44,800

17. The following data are from the costing records of Sampooranam Industries Ltd., for JOB NO.67:

Materials consumed - ₹ 12,000;

Wages:

Cutting Department – 20 hours at ₹ 100 per hour

Shearing Department – 10 hours at ₹ 80 per hour

Boring Department – 5 hours at ₹ 120 per hour

Variable overheads for the respective departments are estimated as follows:

Cutting Department - ₹ 80,000 for 2,000 direct labour hours

Shearing Department - ₹ 40,000 for 2,500 direct labour hours

Boring Department - ₹ 20,000 for 400 direct labour hours

Fixed overheads are estimated at ₹ 2,00,000 for 20,000 direct labour hours.

You are required to ascertain the cost of JOB NO. 67 and calculate the price to be charged so as to give a profit of 20% on Cost.

### SECTION – C

ANSWER ANY TWO QUESTIONS

2 \* 20 = 40

18. Bitumen Ltd., has 3 production departments A, B & C and 2 service departments D & E. The following details are available for the month of March, 2023:

Rent	30,000	Power	12,000
Municipal Taxes	10,000	Depreciation on Machinery	80,000
Electricity Charges	4,800	Canteen Expenses	60,000
Indirect Wages	12,000	Other Labour Charges	20,000

The following additional information available are:

Particulars	Total	A	B	C	D	E
Floor Space (Sq. Feet)	10,000	2,000	2,500	3,000	2,000	500
Light Points (Nos)	480	80	120	160	80	40
Direct Wages (₹)	80,000	24,000	16,000	24,000	12,000	4,000
HP of Machines (₹)	300	120	60	100	20	-
Machine Cost (₹)	4,00,000	96,000	1,28,000	1,60,000	8,000	8,000

The expenses of service departments are to be allocated in the following manner:

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

You are requested to calculate the total overhead of the production departments.

19. Prepare Stores Ledger account for recording the following transactions under FIFO Method:

Date	Transactions
01-07-2022	Opening Stock 2,000 units are ₹ 20 each
05-07-2022	Received 1,000 units at ₹ 22 each
06-07-2022	Issued 500 units
10-07-2022	Received 5,000 units at ₹ 24 each
12-07-2022	Received back 50 units out of the issue made on 6 <sup>th</sup> July
14-07-2022	Issued 600 units
18-07-2022	Returned to supplier 100 units out of goods received on 5 <sup>th</sup> July
19-07-2022	Received back 100 units out of the issue made on 14 <sup>th</sup> July
20-07-2022	Issued 150 units
25-07-2022	Received 500 units at ₹ 28 each
28-07-2022	Issued 300 units

The stock verification report reveals that there was a shortage of 10 units on 18<sup>th</sup> July and another shortage of 15 units on 26<sup>th</sup> July.

20. BBCL contractors began to trade on 1<sup>st</sup> January, 1980 and the following information was available on a contract for ₹ 24,00,000 which began during 1<sup>st</sup> January, 2022.

Particulars	Amount	Particulars	Amount
Material issued from stores	6,00,000	Direct expenses paid	88,000
Material purchased on contract	1,60,000	Office expenses paid	40,000
Plant installed at cost	2,80,000	O/s Direct Expenses	12,000
Wages paid	9,60,000	O/s Wages	8,000

Of the plant and materials charged to the contract, plant which cost ₹ 20,000 and materials costing ₹ 16,000 were lost. Some part of the materials costing ₹ 10,000 were sold at a profit of ₹ 2,000. On 31<sup>st</sup> Dec, 2022 plant which cost ₹ 8,000 was returned to stores and plant which cost ₹ 6,000 was transferred to some other contract. The work certified was ₹ 19,20,000 and 80% of the same was received in cash. The cost of work done but not certified was ₹ 12,000. Charge depreciation @ 10% p.a. Prepare Contract a/c for the year ending 31<sup>st</sup> December, 2022.

21. Bhopal Chemicals Co' Ltd., produced 3 chemicals during the month of July 2023 by three consecutive processes. In each process 2% of the total weight put in is lost and 10% is scrap which in Process I & II realises ₹ 100 per ton and in Process III at ₹ 20 per ton. The products of the three processes are dealt with as follows:

Particulars	Process I	Process II	Process III
Passed on to the next process	75%	50%	---
Sent to the warehouse for sale	25%	50%	100%

Expenses Incurred	Process I		Process II		Process III	
	₹	Tons	₹	Tons	₹	Tons
Raw Materials	1,20,000	1,000	28,000	140	1,07,840	1,348
Manufacturing Wages	20,500		18,520		15,000	
General Expenses	10,300		7,240		3,100	

Prepare Process Accounts with proper working.

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