



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – APRIL 2017

BU 5507- COST ACCOUNTING

Date: 19-04-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

Part – A

Answer all Questions

(10 x 2 = 20 Marks)

1. Define 'Costing'.
2. Write a note on 'By-Product'
3. What is Batch Costing ?
4. What is the meaning of 'Abnormal Loss' ?
5. Ascertain the cost of Job No. 305:
Prime cost : Rs.8,000
Factory overhead : 10% of prime cost
Administration overhead 20% of work cost.
6. The financial books of a company show a net profit of Rs.2,50,000 for the year ending 31st December 2015. Prepare a Reconciliation Statement taking into consideration the following items:
(a) Income –tax debited in financial accounts Rs.80,000
(b) Interest on investments not included in cost accounts Rs.16,000
7. Ascertain the value of Raw Materials purchased:
Materials consumed Rs. 5,00,000
Opening stock of Materials Rs.50,000
Closing stock of Materials Rs.25,000
8. From the following data Calculate the Inventory turnover ratio
Stock at 1st January Rs.18,000
Stock at 31st December Rs.10,000
Purchases during the year Rs.76,000
9. What is cost of production?
10. The time card of a worker reveals that in a normal week of 48 hours, he worked for 52 hours at the rate of Rs.15 per hour. Taking overtime premium at 100% of the time rate. Calculate the gross wages.

Part – B

Answer any Four Questions

(4x10=40 Marks)

11. Write the difference between Financial Accounting and Cost Accounting
12. Explain the essentials of material control.
13. What is job Costing? What are the merits and Demerits of it?

14. M/s Arun and Varun undertook a contract for Rs.250000 for constructing a college building. The following is the information concerning the contract during the year 2007.

	Rs.
Materials sent to site	85,349
Labour engaged on site	74,375
Plant installed at site at cost	15,000
Direct expenditure	3,167
Establishment charges	4,126
Materials returned to stores	549
Work certified	1,95,000
Value of plant as on 31 st Dec. 2007	11,000
Cost of work not yet certified	4,500
Materials at site 31 st Dec. 2007	1,883
Wages accrued 31 st Dec. 2007	2,400
Direct expenditure accrued 31 st Dec. 2007	240
Cash received from contractee	1,80,000

Prepare contract accounts, contractee's account and show how the work-in-progress will appear in the Balance sheet as on 31st Dec.2007.

15. Krishna producing concern is divided into four departments. 'A', 'B', 'C' are production departments and 'D' is a service department. The actual expenses for a period are as follows:

	Rs.
Rent	10,000
Repairs to plant	6,000
Depreciation of plant	4,500
Lighting expense	1,000
Supervisory expenses	15,000
Fire insurance (on stock)	5,000
Power	9,000
Employer's liability for insurance	1,500

The following information is available in respect of the four departments.

	Department			
	A	B	C	D
Area (sq. feet)	1,500	1,100	900	500
Number of lights	75	11	9	5
Number of employees	200	150	100	50
Total wages (Rs.)	60,000	40,000	30,000	20,000
Value of plant (Rs.)	2,40,000	1,80,000	1,20,000	60,000
Value of stock (Rs.)	1,50,000	90,000	60,000	—

Apportion the costs to the various departments on the most equipment method.

16. 100 units are introduced into process I at a cost of Rs.9,600 and expenditure of Rs.4,800 is incurred. From past experience, it is ascertained that wastages normally arises to the extent of 15% of units introduced. This wastage is having a scrap value of Rs. 10 per unit. The actual output of process I is 90 units, transferred to process II. Prepare Process I Accounts, Abnormal Gain Account and Normal loss Account.

17. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 1982.

	Rs.
Materials used	1,50,000
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 Rs.1,250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price.

Part – C

Answer any Two Questions

(2x20=40 Marks)

18. What are Essential Requisites of a good costing system ?

19. In this Question Answer Both the question (a) and (b) 10 marks each

(a) XY Ltd. Purchased and issued the materials in the following order:

1985 March	1 st	Purchased	300 units at Rs.3 per unit
	5 th	purchased	500 units at Rs.4 per unit
	10 th	Issued	500 units
	12 th	Purchased	700 units at Rs.4.50 per unit
	15 th	Issued	700 units
	20 th	Purchased	300 units at Rs.5 per unit
	30 th	Issued	150 units

Ascertain the quantity of closing stock as on 31st march and state its value under “ weighted average cost “ method.

(b) From the following particulars prepare stores ledger account under ‘FIFO’ method of pricing issues.

1992 Jan.	1 st	Opening balance	50 units at Rs.30 per unit
	5 th	Issued	20 units
	7 th	Purchased	48 units at Rs.40 per unit
	9 th	Issued	20 units
	19 th	Purchased	36 units at Rs.35 per unit
	24 th	Received back	10 units out of the units issued on 9 th January
	27 th	Issued	15 units

20. A manufacturing concern has three production departments and two service departments. In July 2008, the departmental expenses were as follows:

Production Departments	Rs.
A	16,000
B	13,000
C	14,000
Service Departments	
X	4,000
Y	6,000

The service department expenses are charged out on a percentage basis, viz.,

	A	B	C	X	Y
Expenses of Department E	20%	25%	35%	–	20%
Expenses of department F	25%	25%	40%	10%	–

Prepare a statement of secondary distribution under repeated distribution method.

21. John Joseph owns a fleet of trucks. His records for 2010 contain the following details

No. of trucks	10
Life of each truck in kms	2,00,000
Monthly distance run by a truck in kms.	5,000
Average empty running p.m	20%
Fuel usage – 1 Litre for every 20 kms.	
	Rs.
Cost of truck	1,20,000
Scrap value at the end of life	20,000
Manager's salary per month	2,000
Accountant's salary per month	1,500
Driver's salary per truck per month	700
Cleaner's salary per truck per month	400
Salary of 3 mechanics common for all trucks each per month	500
Garage expense for 10 trucks p.a	12,000
Insurance at 2.4% on cost of truck p.a	
Road tax per truck p.a	1,200
Price of petrol per litre	10
Lubricants, tyres and repairs per k.m	0.40
Compute cost per effective running K.m	
