



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A.DEGREE EXAMINATION –BUSINESS ADMINISTRATION

THIRD SEMESTER – APRIL 2019

16/17UBU3MC01– COST ACCOUNTING

Date: 24-04-2019
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

SECTION A

Answer ALL the Questions

10 x 2 = 20

1. Define cost centre.
2. What is indirect labour? Give examples
3. State any two importance of cost accounting.
4. What is Machine hour rate?
5. Define Bin card.
6. State the formula for calculating Labour turnover under separation method.
7. What is apportionment?
8. Calculate EOQ from the following:
Annual usage 4000 units; Cost of material Rs.2 per unit; cost of placing and receiving an order Rs.5; Annual carrying cost of one unit 8% of inventory value.
9. State the basis of apportionment from the following:
a) Lighting b) Rent c) Indirect labour d) Power
10. Time rate Rs.2; Standard time 10 hours; Time taken 8 hours. Calculate wages according to Halsey-weir Scheme.

SECTION B

Answer any FOUR questions

4 X 10 = 40

11. Differentiate Job Costing and Batch Costing.
12. Justify the essentials of good costing system.
13. From the following particulars of a manufacturing concern, ascertain the Prime Cost:

Rs.

Opening stock of raw materials	20000
Closing stock of raw materials	30000
Purchase of raw materials	105000
Import duty paid on raw material purchased	15000
Carriage inward	5000
Primary packing material	3000
Productive wages	95000
Opening stock of work-in-progress at prime cost	17000
Closing stock of work in progress at prime cost	10000
Hire charge paid on plant	14000
Other chargeable expenses	6000

14. From the following data, given by the personnel department, calculate the labour turnover rate by applying:

- i) Separation method
- ii) Replacement method
- iii) Flux method

Number of workers on the payroll:

At the beginning of the month	900
At the end of the month	1100

During the month 10 workers left, 40 persons were discharged and 150 workers were recruited. Of these 25 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

15. Compute the machine hour rate from the following data:

	Rs.
Cost of Machine	100000
Installation charges	10000
Estimated scrap value after the expiry of life (15 years)	5000
Rent and rates for the shop per month	200
General lighting for the shop per month	300
Insurance premium for the machine per annum	960
Repairs and maintenance for the machine per annum	1000
Power consumption 10 units per hour	
Rate of power per 100 units	20
Shop supervisor's salary per month	600

Estimated productive working hours 2000 hours p.a

The machine occupies $\frac{1}{4}$ of the total area of the shop. The supervisor is expected to devote $\frac{1}{5}$ of his time for supervising this machine.

16. The following information relates to a building contract for Rs.1000000 for two years i.e 2014 & 2015

Particulars	2014 (Rs)	2015 (Rs)
Material issued	400000	89000
Direct wages	130000	100000
Direct expenses	22000	10000
Indirect expenses	6000	1400
Work certified	750000	1000000
Work uncertified	8000	-
Closing material at site	5000	7000
Plant issued	15000	3000
Cash received from contractee	600000	1000000

The value of plant at the end of 2014 & 2015 was Rs.8000 and Rs.7000 respectively. Prepare contract a/c and contractees' a/c for two years 2014 & 2015 taking into consideration such profit for transfer to profit and loss a/c.

17. Two materials X and Y are used as follows:

Minimum usage-50 units per week each

Maximum usage-150 units per week each

Normal usage-100 units per week each

Ordering quantities

X-600 units Y-1000 units

Delivery period X-4 to 6 weeks; Y 2 to 4 weeks

Calculate for each material:

a) Minimum level b)Maximum level c) Ordering level d) Average Stock level

SECTION C

Answer any TWO questions

2 x 20 = 40

18. Explain the various elements of Cost.

19. India Company Ltd has three production departments and two service departments. The following figures for a certain period have been made available:

Rs.

Rent & rates	10000
Lighting	1200
Indirect wages	3000
Power	3000
Depreciation	20000
Insurance of stock	5000
Indirect materials	4000
Sundry charges	20000

The following information is also available:

Particulars	Production Department			Service Department	
	A	B	C	X	Y
Floor (Sq.ft)	2000	2500	3000	2000	500
Light points	20	30	40	20	10
HP machines	120	60	100	20	-
Cost of machine	24000	32000	40000	2000	2000
Direct wages	6000	4000	6000	3000	1000
Stock value	4000	3000	2000	600	400
Direct materials	5000	6000	4000	3000	2000
Working hours	4670	3020	3050	-	-

The expenses of service departments are to be charged as follows:

	A	B	C	X	Y
Service Dept X	20%	30%	40%	-	10%
Service Dept Y	40%	20%	30%	10%	-

You are required to calculate the overhead absorption rate per hour in respect of three production departments by preparing primary and secondary distribution summary.

20. The following is the record of receipts and issues of a certain material in a factory during a month.

March 2015

1	Opening stock	5000 units @ Rs.10 per unit
5	Issued	3000 units
7	Received	6000 units @ Rs.10.2 per unit
15	Issue	2500 units (Stock verification reveals loss of 100 units)
16	Received back from orders	1000 units (previously issued at Rs.9.15 per unit)
17	Issued	4000 units
25	Received	2200 units @ Rs.10.30 per unit
27	Issued	3800 units

At what price will you issue the materials according to FIFO and LIFO methods?

21. Prepare cost sheet for the year 2014 from the following showing the total cost and cost per unit. Number of units produced 2000.

	Rs.
Opening stock of raw material	10000
Purchases	180000
Direct wages	56000
Indirect wages	48000
Closing stock of raw materials	12000
Work-in-Progress on 1.1.2014	5000
Work-in-Progress on 32.12.2014	6000
Factory overheads	26000
Office overheads	45000
Selling overheads	16000
Opening stock of finished goods (100) units	20000

Closing stock of finished goods 120 units; Profit 10% on sales;

During the year it is decided to increase the production to 2400 units. It is anticipated that;

- a) Material prices will increase by 10%
- b) Wages will reduce by 20%
- c) Other expenses will remain constant per unit
- d) Expected profit 20% on sales.

Ascertain selling prices to be fixed per unit
