

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

**FIFTH SEMESTER – NOVEMBER 2016**

**BU 5507 – COST ACCOUNTING**

Date: 03-11-2016

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**PART-A**

**Answer all questions:**

**(10 x 2 = 20 marks)**

1. Define cost accounting.
2. Explain ABC Analysis.
3. What is apportionment of overheads?
4. What is operating costing?
5. What is meant by piece rate system?
6. Define contract costing.
7. What is batch costing?
8. Calculate Economic Ordering Quantity. Annual consumption of material 600 units. Ordering cost Rs.12 per order. Price per unit Rs.20. carrying cost per annum 20%
9. Find the amount of raw material consumed      Rs.

Opening stock of material	10,000
Purchase of raw material	90,000
Carriage inwards	5,000
Closing stock of raw material	25,000
10. Time allowed 24 hours, Time taken 20 hours, Rate per hour Rs. 5. Calculate the earnings under Halsey plan.

**PART-B**

**Answer any FOUR Questions:**

**(4 x 10 = 40 marks)**

11. Explain objectives of cost Accounting.
12. What is reconciliation of cost accounts and financial accounts?

13. Write note on (a) labour turn over (b) Halsey plan (c) Rowan plan (d) machine hour Rate.

14. 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 expenses	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:

	Departments			
	A	B	C	D
Area (sq.feet)	1,500	1,100	900	500
Number of light points	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 cost to the various departments on the most equitable method.

15. Calculate the normal and overtime wages payable to a workman from the following data:

Day's	hours worked
Monday	8
Tuesday	12
Wednesday	10
Thursday	10
Friday	9
Saturday	4
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	53
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Normal working hours -8 hours per day: on Saturday 4 hours

Normal rate Rs. 2. Per hour

Overtime rate –upto 9 hours in a day at single rate and over 9 hours in a day at double rate. Or upto 48 hours in a week at single rate and over 48 hours at double rate. Whichever is more beneficial to the workers?

16. Compute the cost per running kilometer of a vehicle.

Annual road licence Rs. 750      cost of vehicle Rs. 25,000  
Annual insurance    Rs. 700      driver wages per hour Rs. 3  
Annual garage rent    Rs. 600      cost of petrol per litre Rs. 3  
Annual supervision    Rs. 1,200    repair and maintenance per km Rs.1.65  
Tyre allocation per Km Rs. 0.80    annual running kms 15,000  
Estimated life of vehicle (kms) 1, 00,000    kilometers run per litre    20  
You are required to charge interest on cost of vehicle at 5% p.a. The vehicle runs 20 km per hour on an average.

17. Two components A and B are used as follows:

Normal usage 300 units per week each  
Minimum usage 150 units per week each  
Maximum usage 450 units per week each  
Re-order quantity A- 2,400 units; B-3,600 units  
Re-order period: A- 4 to 6 weeks; B- 2 to 4 weeks  
Calculate for each component:

- (a) Re-order level
- (b) Minimum stock level
- (c) Maximum stock level and
- (d) Average stock level

### PART-C

**Answer any TWO Questions:**

**(2 x 20 = 40 marks)**

18. Difference between cost accounting and financial accounting.

19. From the following particulars you are required to prepare a statement showing

- (a) The cost of materials consumed
- (b) The total cost
- (c) The work cost
- (d) The percentage of works overheads to productive wages and
- (e) The percentage of general overheads to work cost.

	Rs.
Stock of finished goods on 1-1-2008	72,800
Stock of raw materials on 1-1-2008	33,280
Purchase of raw materials	7,59,200
Productive wages	5,16,880
Sale of finished goods	15,39,200

Stock of finished goods on 31-12-2008	78,000
Stock of raw materials on 31-12-2008	35,360
Works overhead charges	1, 29,220
Office and general expenses	70,161

The company is about to send a tender for a large plant. The costing department has estimated that the materials required would cost Rs.52, 000 and the wages to workmen for making the plant would cost Rs.31,200. The tender is to be made at a net profit of 20% on the selling price. Show what the amount of tender would be, if it is based on the above percentage.

20. A product passes through three processes 'A', 'B' and 'C'. 10,000 units at Re.1 per unit were issued to process 'A'. The other direct expenses were:

Particulars	A Rs.	B Rs.	C Rs.
Sundry materials	1,000	1,500	1,480
Direct labour	5,000	8,000	6,500
Direct expenses	1,050	1,188	1,605

The wastages of process 'A' was 5% process 'B' 4% and process 'C' 5%. The wastages of process 'A' was sold at Rs.0.25 per unit, that of 'B' at Re. 0.50 per unit and that of 'C' at Rs.1 per unit. The overheads charges were 168% of direct labour. The final product was sold at Rs.10 per unit. Fetching a profit of 20% on sale. Prepare process accounts and finished goods account.

21. From the following transactions, prepare separately the stores ledger account, using the following methods : (a) FIFO and (b) LIFO

Jan	1	Opening balance	100 units @ Rs. 5 each
2015	5	Received	500 units @ Rs. 6 each
	20	Issued	300 units
Feb	5	Issued	200 units
	6	Received back from work order	10 units (Issued on 5 <sup>th</sup> February)
	7	Received	600 units @ Rs. 5 each
	20	Issued	300 units
	25	Returned to supplier	50 units purchased on 7 <sup>th</sup> February
	26	Issued	200 units
March	10	Received	500 units at Rs. 7 per unit
	15	Issued	300 units

Stock verification on 15<sup>th</sup> march revealed a shortage of 10 units.

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