

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2019

BU 5507 – COST ACCOUNTING

Date: 31-10-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer ALL the questions:

(10 x 2 = 20 marks)

1. Differentiate between a bin card and a stores ledger.
2. What is a cost sheet?
3. List any 2 methods of absorbing overheads.
4. What is batch costing?
5. Minimum consumption 150 units per week; maximum consumption 350 units per week; reorder period 2-4 weeks; reorder quantity 1000 units. Calculate maximum level and minimum level.
6. Compute the prime cost:

	Rs.
Direct Material used	82,000
Productive wages	17,000
Royalty paid	11,000
Hire charge of special machines for the job	13,000
7. Calculate the bonus payable to a worker under Halsey plan and Rowan plan from the following:
 - Standard time for the job is 10 hours
 - Standard rate per hour is Rs.12
 - Time taken to complete the job is 8 hours
8. Process A produces 100 litres of main product and 20 litres of by-product after incurring a joint cost of Rs.4000. The by-product is sold for Rs.5 per litre and yields a profit of 20% on sales. Calculate the profit made on A, which is sold at Rs.60 per litre, after incurring Rs.600 separate expenses.
9. What is overheads?
10. The following details relate to a machine:
 - Standing charges per month – Rs. 3000
 - Depreciation per month – Rs. 2000
 - The machine uses 2 units of power per hour at Rs. 4 per unit
 - The machine works for 25 days in a month and 8 hours per day.Calculate machine hour rate.

PART - B

Answer ANY FOUR questions:

(4x10=40 marks)

11. Differentiate between financial accounting and cost accounting.
12. Explain the purchase procedure of buying raw materials in a factory.
13. Explain the causes of labour turnover.
14. From the following data, calculate (a) Re-order quantity (b) Re-order level (c) Maximum level (d) Minimum level
 1. Delivery period 2 to 4 days
 2. Consumption rate 10 to 20 units per day
 3. Ordering cost per order Rs.20
 4. Annual requirement 5000 units

5. Annual storage cost per unit 10% of inventory value.

6. Cost per unit – Rs.50

15. Net profits of Ramesh Industries for the year ended 31.12.2014 as per Cost Account was Rs.1,60,000. However, financial records showed a different net profit. Scrutiny of the books of accounts revealed the following information:

	Rs.
Interest on investments	10,000
Income tax provided	48,000
Loss due to obsolescence	6,800
Bank interest and transfer fees in financial accounts only as expenditure	1,250
Share transfer fees received	6,750
Depreciation charged in financial accounts	18,650
Depreciation charged in cost accounts	21,250
Works overhead under recovered in cost accounts	3,540
Closing stock under-valued in financial accounts	1,410

Prepare a reconciliation statement and show the amount of net profit as per financial accounts.

16. From the following transactions for the month of April, show the stores ledger as they would appear when using simple average method of pricing issues.

DATE	PARTICULARS	UNITS	PRICE
1	Balance in hand	300	2.00
2	Purchased	200	2.20
4	Issued	150	-
6	purchased	200	2.30
11	Issued	150	-
19	Issued	200	-
22	purchased	200	2.40
27	Issued	150	-

17. Calculate machine hour rate from the following:

- Cost of machine Rs. 19,200
- Estimated scrap value Rs 1200
- Average repairs and maintenance charges per month Rs 150
- Standing charges allocated to machine per month Rs.50
- Effective working life of machine 10,000 hours.
- Running time per month 166 hours.
- Power used by machine 5 units per hour @ 19 paise per unit.

PART – C

Answer ANY TWO questions

(2x20=40 marks)

18. A product passes through three processes A, B and C. 20000 units costing 50 paise per unit was issued to Process A. Other details relating to the processes were as follows:

	A	B	C
Material consumed (Rs.)	6000	4000	2000
Labour(Rs.)	8000	6000	3000
Manufacturing expenses (Rs.)	1000	1000	1500
Percentage of scrap on input	2%	5%	10%
Sale value of scrap per 100 units(Rs.)	5	8	10
Output in units	19500	18800	16000

Prepare Process accounts, Abnormal Loss Account, Abnormal Gain Account and Normal Loss Account.

19. From the following details of stores receipts and issues of materials prepare the stores

ledger using weighted average method of valuing the issues for the month of November.

- 1st opening stock 2000 units @ Rs. 5 each.
- 3rd Issued 1500 units.
- 4th Received 4500 units at Rs 6 each.
- 8th Issued 1600 units
- 9th Returned to stores 100 units from issued dated 3rd.
- 16th Received 2400 units at Rs 6.50 each
- 19th Returned to supplier 200 units out of quantity received on 4th.
- 20th Received 1000 units at Rs 7 each
- 24th Issued 2100 units
- 27th Received 1200 units at Rs 7.50 each
- 29th Issued 2800 units

20. Explain the different variations of 'Time Rate System'.

21. Prepare the cost sheet to show the total cost of production and cost per unit of goods manufactured by a company for the month of July, 2008. Also find the cost of sales and profit.

Particulars	Amount	(Rs)	Particulars	Amount	(Rs)
Opening stock of raw materials		3000	Office rent		500
Raw materials purchased		28000	General expenses		400
Closing stock of raw materials		4500	Discount on sales		300
Manufacturing wages		7000	Advertisement exp's to be charged fully		600
Depreciation on plant		1500	Income tax paid		2000
Loss on sale of a part of plant		300	sales		50000
Factory rent and rates		3000			

The number of units produced during July 2008 was 3000. The stock of finished goods was 200 and 400 units on 1.7.08 and 31.7.08 respectively. The total cost of the units on hand on 1.7.08 was Rs 2800. All these had been sold during the month.

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