

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

THIRD SEMESTER – NOVEMBER 2022

UBU 3501 – COST ACCOUNTING

Date: 22-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART – A

Q. No **Answer ALL questions** **(10 x 2 = 20 Marks)**

1. What is a cost sheet?
2. Define prime cost.
3. Define VED Analysis.
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.
4. A firm employs five workers at an hourly rate of Rs.2 . During a particular period, they worked for four days for a total period of 40 hours each and completed a job for which the standard time was 48 hours for each worker. Calculate the labour cost under the Halsey Method.
5. Standard time per unit 12 minutes; standard rate per hour Rs.60; differential to be used 80% and 120%. In a day of 8 hours A produced 50 units. Calculate his earnings under Taylors differential piece rate system.
6. Find out the Economic Order Quantity from the following particulars:
Annual usage 6,000 units
7. Cost of placing per unit Rs.20
Cost of placing and receiving one order: Rs. 60.
Annual carrying cost of one unit: 10% of Inventory value.
8. Define Operating Costing.
9. Calculate the selling price of Job No. 804:
Cost of Sales – Rs.20,000 Profit – 20% of Cost.
State the basis of apportionment of the following service department expenses.
10. a. Maintenance Department
b. Canteen Department

PART – B

Answer any FOUR questions

(4 x 10 = 40 Marks)

11. A Manufacturer of scooters finds that in 2016 it cost him Rs.720060 to Manufacture 175 scooters, which he sold for Rs.5400 each. The cost is made up of:

Material	Rs. 282000
Direct Wages	Rs. 324000
Factory overhead	Rs. 48600
Office overhead	Rs. 65460

For the next year, he estimates that:

Each scooter will require materials of Rs.1600 and labour Rs.1800

The Factory overhead will bear the same relation to wages as in the previous year. The office overhead percentage on factory cost will be the same as in the past.

Prepare a statement showing the profit he would make per unit, if he reduces the price of the scooter by Rs.200.

12. Two components A and B were used as follows:

Normal usage 3000 units per week each

Minimum usage 1500 units per week each

Maximum usage 4500 units per week each

Reorder quantity A – 13000 units B – 14000 units

Reorder Period A – 4 to 6 weeks B – 2 to 4 weeks

Calculate re-order level, maximum level, minimum level, and average stock level.

13. Analyze the causes for and effects of Labour Turnover.

14. Explain the various elements of cost.

15. In a factory, there are two service department I and II and three production department A,B and C. In April 2021 the department expenses were:

Departments				
A (Rs.)	B (Rs.)	C (Rs.)	I (Rs.)	II (Rs.)
6,50,000	6,00,000	5,00,000	1,20,000	1,00,000

The expenses of the service departments are allotted on a percentage basis as follows:

	A	B	C	I	II
I	30	40	15	-	15
II	40	30	25	5	-

Prepare a statement showing distribution of the expenses of the two service departments on a percentage basis by repeated distribution method.

16. The product of a manufacturing concern passes through three processes. In March 2021, the cost of production was as given below:

Particulars	Process A	Process B	Process C
Raw Material used (Tons)	200	71	164
	Rs.	Rs.	Rs.
Cost per ton	100	300	50
Direct Wages	8,000	3,490	2,850
Overheads	2,520	2,400	3,820
Sales of scrap per ton	80	60	120

The product of the three processes is dealt with as follows:

Sent to warehouse for sale A – 25% B-50% C-100%

Sent to next process A - 75% B-50% -

In each process, 6% of total weight is lost and 8% is scrap. Prepare process cost accounts.

17. Explain the features, objectives and prerequisites of job costing.

PART – C

Answer any TWO questions

(2 x 20 = 40 Marks)

18. From the following transactions, prepare separately the stores ledger account, using the following methods: FIFO & LIFO.

Jan 1	Opening Balance	100 units @ Rs.5 each
5	Received	500 units @ Rs.6 each
20	Issued	300 units
Feb 5	Issued	200 units
6	Received back from work order issued on 5 th Feb	10 units
7	Received	600 units @ Rs.5 each
20	Issued	300 units
25	Returned to Supplier	50 units purchased on 7 th Feb
26	Issued	200 units
Mar 10	Received	500 units @ Rs.7 each
15	Issued	300 units

Stock verification on 15th March revealed a shortage of 10 units

19. The following is the manufacturing and Profit and Loss Account of Sanjay Bai Manufacturing Company for the year ended 31.03.2016, output 850 units.

Particulars	Rs.	Particulars	Rs.
To Materials	64,000	By Sales	3,20,000
To wages	96,000		
To Works expenses	40,000		
To Salaries	48,000		
To Office expenses	8,000		
To General expenses	24,000		
To Selling expenses	16,000		
To Net Profit	24,000		
	3,20,000		3,20,000

For the year ending 31.03.2017, it is estimated that:

- a. Output and sales will be 1,000 units.
- b. Material price will increase by 25%
- c. Wage cost will increase by 12.5%
- d. Works expenses will increase in proportion to the combined cost of materials and wages.
- e. Selling expenses per unit will remain constant.
- f. Other expenses remain constant.
- g. Profit of 12.5% on sales is to be made.

Prepare a statement of cost and profit for the year and estimated costs and profit for the next year.

20. Putin Ltd. has three production departments P1, P2 and P3 and two service departments S1 and S2. The following particulars are available for the month of March 2020 concerning the organization:

Particulars	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour expenses	10,000

Following further details are also available:

Particulars	P1	P2	P3	S1	S2
Floor space (Sq. mts)	1,000	1,250	1,500	1,000	250
Light points (Nos)	40	60	80	40	20
Direct wages (Rs)	12,000	8,000	12,000	2,000	6,000
HP of machines (Nos)	60	30	50	10	-
Cost of machines (Rs)	48,000	64,000	4,000	4,000	80,000

The expenses of the service department are to be allocated as follows:

	P1	P2	P3	S1	S2
S1	20%	30%	40%	-	10%
S2	40%	20%	30%	10%	-

Apportion the costs of the various departments by the most equitable method.

21. The following details are extracted from the costing records of an oil mill for the year ended 31st March 2011. Purchase of 5,400 tons of coconut for Rs. 2,20,000.

Particulars	Crushing	Refining	Finishing
	Rs.	Rs.	Rs.
Cost of Labour	2,750	1,100	1,650
Electric Power	660	396	264
Sundry Materials	110	2,200	-
Machinery repairs	308	363	154
Steam	660	495	495
Factory expenses	1,452	726	242
Cost of casks	-	-	8,250

3,200 tons of Crude oil were produced. 2,600 tons of oil were produced by the refining process and 2,550 tons of Refined oil were finished for delivery.

Coconut sacks sold Rs. 440.

1925 tons of coconut residue sold for Rs. 12,100.

Loss in weight in crushing process 275 tons.

500 tons of by-products were obtained from refining process at Rs. 7,425.

Prepare the necessary process accounts showing the cost per ton of production at each stage of manufacture.
