



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

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

FIFTH SEMESTER – **APRIL 2013**

**BU 5504/BU 5501 - COST ACCOUNTING**

Date: 11/05/2013

Dept. No.

Max. : 100 Marks

Time: 9:00 - 12:00

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PART – A

ANSWER ALL THE QUESTIONS:

(10 X 2=20)

1. List the various elements of cost.
2. Write a short note on tender.
3. Differentiate between a bin card and a stores ledger.
4. What is just in time?
5. Explain Idle time.
6. What is Retention money?
7. Find out the economic order quantity and the number of orders per year from the following information: monthly consumption =3000 units, cost per unit = Rs 54, ordering cost Rs.150 per order and inventory carrying cost 20% of the average inventory.
8. From the following data prepare a statement showing the cost per day of 8 hours of engaging a particular type of labour:
  - a. Monthly salary (basic plus dearness allowance) Rs 400
  - b. Leave salary payable to workman 15% of basic and dearness allowance.
  - c. Employee's contribution to pf. 8% of salary.
  - d. Employers contribution to ESI 5% of salary ( A and B)
  - e. Pro rata expenditure on amenities to labour Rs 25 per head per month.
  - f. No. of working hours in a month 200.
9. A company produces a product through two processes A and B. the following details pertaining to process A for Jan 2008 are available.

Material (500 units)	Rs. 10000
Labour	8000
Indirect expenses	7000

Normal loss in the process is estimated at 5% of the input which possesses a scrap value of Rs 31 per unit. Prepare the process account.
10. Indicate the basis you would adopt for apportionment of the following overhead expenses to various departments.
  - a. Depreciation
  - b. Rent and Rates
  - c. Lighting and Heating
  - d. Crèche Expenses

PART – B

ANSWER ANY FIVE QUESTIONS:

(5X8=40)

11. Explain the purchase procedure of buying raw materials in a factory.
12. Differentiate between cost accounting and financial accounting.
13. From the following information calculate the various levels of stock.  
 Normal usage is 150 units per day. Minimum usage is 100 units per day. Max usage is 200 units per day. Reorder period 50 to 60 days. The annual usage is 50,000 units. The cost of purchase is Rs.100 per order. Cost per unit is Re. 1.00. Carrying cost is 10% PA.
14. 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	

15. The financial Profit and Loss account of a manufacturing company for the year ended 31<sup>st</sup> march 2008 is as follows:

PARTICULARS	RS	PARTICULARS	RS
To Materials consumed	50,000	By Sales	1,24,000
To Carriage inwards	34,000		
To works expenses	12,000		
To direct wages	1,000		
To Administration expenses	4,500		
To Selling and Distribution exp's	6,500		
To Debenture interest	1,000		
To Net profit	15,000		
	1,24,000		1,24,000

The net profit shown by the cost accounts for the year is Rs. 16,720. Upon detailed comparison of the two sets of accounts it is found that:

- The amounts charged in the cost accounts in respect of overhead charges are as follows: works overhead charges Rs.11,500; administration overhead charges Rs 4,500; and selling and distribution charges Rs 6,640.
- No charge has been made in the cost accounts in respect of debenture interest.

You are required to reconcile the profits shown by the two sets of accounts.

16. Calculate the earnings of workers A and B under Straight piece rate and Taylors differential piece rate system from the following particulars:

Normal rate per hour      Rs. 2.40              standard time per unit      30 seconds

Differentials to be applied: 80% of piece rate below standard and 120% of piece rate at above standard. Worker A produces 800 units per day and Worker B produces 1000 units per day.

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.

18. In manufacturing a product, 1000 kgs of raw materials at Rs 8 per kg were supplied to process X. other expenses of the process were as follows: labour cost Rs.2000, production expenses Rs 1000. Normal loss in the process has been estimated at 10% of the input and it could be sold at Rs. 2 per kg. the actual output in this process was 880 kgs which was transferred to process Y. prepare process X account and abnormal loss account.

### PART – C

ANSWER ANY TWO QUESTIONS:

(2X20=40)

19. 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.

20. 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.
- 3<sup>rd</sup> issued 1500 units.
- 4<sup>th</sup> received 4500 units at Rs 6 each.
- 8<sup>th</sup> issued 1600 units
- 9<sup>th</sup> returned to stores 100 units from issued dated 3<sup>rd</sup>.
- 16<sup>th</sup> received 2400 units at Rs 6.50 each
- 19<sup>th</sup> returned to supplier 200 units out of quantity received on 4<sup>th</sup>.
- 20<sup>th</sup> received 1000 units at Rs 7 each
- 24<sup>th</sup> issued 2100 units
- 27<sup>th</sup> received 1200 units at Rs 7.50 each
- 29<sup>th</sup> issued 2800 units

21. A company undertook a contract for Rs 12 lakhs and the work commenced on 1.10.2004. The following details are shown in their books for the year ended 30<sup>th</sup> September 2005. Amount given in rupees.

Plant purchases 60000, wages paid 340000, materials used to site 336000, site expenses 8000, general overhead apportioned 32000, wages accrued as on 30.9.05 Rs 2800, and materials at site as on 30.9.05 Rs 4000. Direct expenses accrued as on 30.9.05 Rs 1200. Work not yet certified at cost Rs 14000. Cash received being 80% of work certified Rs 600000. Life of plant purchased is 5 years and scrap value is nil.

Prepare the contract account for the year ended 30<sup>th</sup> September 2005. Show the amount of profit which you consider might be fairly taken on the contract and how you have calculated it.

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