



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – APRIL 2016

BU 5507 – COST ACCOUNTING

Date: 30-04-2016

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. What is 'Apportionment of overheads'?
3. What is 'Operation costing'?
4. What is the meaning of 'Normal loss'?
5. Ascertain the profit as per cost accounts from the details given below:

Profit as per Financial Accounts	Rs.35000
Dividends received on Investments	Rs.5200
Loss on sale of Buildings	Rs.4000
6. Calculate work cost :

Factory Expenses	Rs.700
Office expenses	Rs.300
Selling expenses	Rs.900
Material consumed	Rs.3400
7. Find out Inventory carrying cost per unit :
Cost of Raw material per unit: Rs.70
Inventory carrying cost 5%
Rent, Taxes Insurance etc.: Rs. 2.5 per unit.
8. Calculate Labour Turnover under Replacement Method:
Number of employees replaced during 2009 : 1000
Average number of employees during 2009 : 8000.
9. Calculate the earnings of a work under Halsey Premium plan :
Time allowed 48 hours
Time taken 40 hours
Rate per hour Re. 1.
10. Production department of a factory furnishes the following information for the month of October 2010

Material used	Rs.54000
Direct wages	Rs45000
Overhead chargeable to the department	Rs.36000

Calculate the overhead recovery rate on the basis of direct material.

PART – B

Answer any FOUR Questions:

(4x10=40 Marks)

11. What is Perpetual Inventory System? What are its merits?
12. Explain "ABC" method of Inventory Control.
13. What is absorption of overheads? Explain the different methods of absorption.
14. The road transport company which keeps a fleet of lorries shows the following information:

Kms run in April	Rs.30000
Wages for April	Rs.2000
Petrol oil, etc for April	Rs.4000

Original cost of vehicles Rs.100000

Depreciation to be allowed at 25% per annum on original cost.

Repairs for the month Rs.6000

Garage rent etc for the month Rs.1000

License, insurance, etc for the year Rs.6000

Prepare operating cost sheet for the month of April showing the cost per running kilometer.

15. Work out the machine hour rate for the following machine for the month of January 2001.

Cost of machine Rs.90000

Freight and installation Rs.10000

Working life 10 years

Working hours 2000 per year

Repairs charges 50% of depreciation

Power 10 units per hour at 0.10 paise per unit

Lubricating oil at Rs.2 per day of 8 hours

Stores at Rs.10 per day of 8 hours

Wages of operator at Rs.4 per day

16. From the following data relating to the manufacture of a standard products during the month of September 1983.

Prepare a statement showing the cost and profit per unit:

Raw materials used Rs.20000

Direct wages Rs.12000

Man hours worked 9500 (hours)

Man hour rate Rs.2 per hour

Office overheads 20 % on work cost

Selling overheads 0.50 per unit

Units produced 20000 units

Units sold 18000 @ Rs.5 per unit

17. From the following figures prepare a reconciliation statement between cost and financial records:

Net profit as per financial records Rs.128755

Net profit as per costing records Rs.172400

Work overhead under-recovered in costing Rs.3120

Administrative overhead recovered in excess Rs.1700

Depreciation charged in financial records Rs.11200

Depreciation recovered in costing Rs.12500

Interest received but not included in costing Rs.8000

Obsolescence los charged in financial records Rs.5700

Income tax provided in financial books Rs.40300

Bank interest credited in financial books Rs.750

Stores adjustment (credit in financial books) Rs.475

Depreciation of stock charged in financial books Rs.6750

PART – C

Answer any TWO questions:

(2x20=40 Marks)

18. Explain the advantages and disadvantages of Cost Accounting.

19. Show the stores ledger entries as they would appear when using (i) the weighted average method (ii) the LIFO method of pricing issues, in connection with the following transactions.

April		Units	Value
1 st	Balance in hand b/f	300	600
2 nd	Purchase	200	440
4 th	Issued	150	---
6 th	Purchased	200	460
11 th	Issued	150	---
19 th	Issued	200	---
22 nd	Purchased	200	480
27 th	Issued	250	---

20. A company has three production departments and two service departments their respective expenditures are given below:

Production Department	Service Department
A Rs.800	X = Rs.234
B Rs.700	Y= Rs.300
C Rs.500	

Service departments give service in the following manner to various departments.

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

You are required to show the distribution of service department overheads under simultaneous equation method.

21. The product of a manufacturing concern passes through two processes 'A' and 'B' and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from processes A and B realizes Rs.80 per ton and Rs.200 per ton respectively

The following are the figures relating to both the processes:

	Process - A	Process - B
Materials in (tons)	1000	70
Cost of materials per ton (Rs.)	125	200
Wages (Rs.)	28000	10000
Manufacturing expenses (Rs.)	8000	5250
Output in (tons)	830	780

Prepare process cost accounts showing cost per ton of each process. There was no stock or work-in-process.

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