LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTHSEMESTER – APRIL 2017

BU 5504- COST ACCOUNTING

Date: 20-04-2017 Dept. No. Max. : 100 Marks
Time: 01:00-04:00

Part – A

Answer all Questions: **(10 x 2 = 20 Marks)**

1. List out the functions of cost Accounting.
2. What is Cost center?
3. What is VED Analysis?
4. What do you mean by labour turnover?
5. Define Overhead Absorption.
6. What do you mean by By-Product?
7. A transport company operates 4 buses on a route 100 kms. Long. Each bus makes three round trips per day on all 30 days in a month. On an average 20% of the vehicles are in garage for repairs and maintenance. Ascertain the total distance covered by the buses in one month period.
8. From following data is available in respect of Job No. 876:

   Direct materials Rs. 17,000; wages 160 hours at Rs.50 per hour. Variable overheads incurred for all jobs Rs.80000 for 2,000 labour hours. Fixed overheads are absorbed at Rs.20 per hour. Find the profit or loss from the job if the job is billed for Rs.40,000.
9. Find our inventory carrying cost per unit:

   Cost of raw materials per unit Rs.70;

   Inventory carrying cost 5%,

   Rent, Taxes Insurance etc. Rs.2.5 per unit
10. Calculate the net wages from the following :

    Basic wages per month Rs.400

    D.A. at 25% on Basic wage

    Employee’s contribution to P.F. 20% of Basic.

Part – B

Answer any Four Questions **(4x10=40 Marks)**

11. What are the advantages and disadvantages of straight piece rate system?
12. Differentiate between Cost accounting and Management Accounting.
13. What are essential requirements of good costing system?
14. The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 1982.

    Material used Rs.1,50,000

    Direct wages Rs.1,20,000

    Factory overheads Rs.30,000

    Administrative expenses Rs.15,000

    Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued at Rs.1250 and expenditure in productive wages Rs.750, so that the price might yield a profit of 20% on the selling price.

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

    Reordering quantity A – 1,200 units
    B – 1,000 units

    Reordering period A 2 to 4 weeks
    B 3 to 6 weeks

    Normal usage – 300 units per week each

    Minimum usage 150 units per week each

    Maximum usage 450 units per week each

    You are required to calculate the following for each of the components |(a) Reordering level (b) Maximum level (c) Minimum level (d) Average stock level.

16. Work out the machine hour rate for the following machine whose scrap value is 'Nil'

    Cost of machine Rs.3,60,000

    Freight and installation Rs.40,000

    Working life 20 years

    Working hours 8,000 per year

    Repairs charges 50% of depreciation.

    Power 10 units per hour @ 10 paise per unit

    Lubricating oil @ Rs.8 per day of 8 hours

    Consumable store @ Rs.10 per day of 8 hours

    Wages of operator @ Rs.4 per day.

17. Prepare a reconciliation statement from the following details :

Net loss as per cost accounts	Rs.3,44,800
Net loss as per financial accounts	Rs.4,32,890
Works overhead under recovered in costing	Rs.6,240

Depreciation overcharged in costing	Rs.2,600
Interest on investments	Rs.17,500
Administrative overhead over recovered in costing	Rs.2,600
Goodwill written off	Rs.92,000
Store adjustment in financial books (cr)	Rs.950
Deprecation of stock charged in financial books	Rs.13,500

Part – C

Answer any Two Questions **(2x20=40 Marks)**

18. Define job costing and what are the merits and demerit of job costing?

19. 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	1,000	70
Cost of materials per ton (Rs.)	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses (Rs.)	8,000	5,250
Out put (tons)	830	780

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

20. Draw stores ledger card recording the following transactions under (a) FIFO method and (b) LIFO method

July 2010	1st	Opening stock 2,000 units at Rs.10 each
	5th	Received 1,000 units at Rs.11 each
	6th	Issued 500 units
	10th	Received 5,000 units at Rs.12 each
	12th	Received back 50 units out of the issue made on 6th july
	14th	Issued 600 units
	18th	Returned to supplier 100 units out of goods received on 5th july
	19th	received back 100 unit out of the issue made on 14th july
	20th	Issued 150 units
	25th	Received 500 units at Rs.14 each
	28th	Issued 300 units.

The stock verification report reveals that there was a shortage of 10 units on 18th july and another shortage of 15 units on 26th July.

21. M/s Arun and Varun undertook a contract for Rs.2,50,000 for constructing a college building. The following is the information concerning the contract during the year 2007.

	Rs.
Materials sent to site	85,349
Labour engaged on site	74,375
Plant installed at site at cost	15,000
Direct expenditure	3,167
Establishment charges	4,126
Materials returned to stores	549
Work certified	1,95,000
Value of plant as on 31^{st} Dec. 2007	11,000
Cost of work not yet certified	4,500
Materials at site 31^{st} Dec. 2007	1,883
Wages accrued 31^{st} Dec. 2007	2,400
Direct expenditure accrued 31^{st} Dec. 2007	240
Cash received from contractee	1,80,000

Prepare contract accounts, contractee's account and show how the work-in-progress will appear in the Balance sheet as on 31^{st} Dec.2007.

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