



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2017

BU 5504 – COST ACCOUNTING

Date: 03-11-2017

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART A (10 X 2 =20) ANSWER ALL THE QUESTIONS

1. What is Bin card?
2. Define EBQ.
3. What is Danger level of stock?
4. What is Work study?
5. Define Quotation.
6. Opening stock of raw material Rs. 15,000; Closing stock of raw material Rs. 20,000;
Material purchased Rs. 1,20,000. Find raw material consumed.
7. Find the amount of overhead under or over absorbed from the details given below:
Machine hour rate : Rs. 10 per hour
Actual machine hours worked: 6,500
Actual overhead incurred: Rs. 50,000
8. Mention the basis of apportionment the following overheads;
General administration expenses; time office expenses; Recreation expenses;
Electricity for power purpose
9. Compute cost per unit of output of a process account from the following:
Materials (500 units) Rs. 10,000
Labour Rs. 8,000
Indirect expenses Rs.7,000
Normal loss: 5% of input
Scrap value Rs. 31 per unit
10. Ascertain the bonus under Rowan scheme:
Standard time: 12 hours; Actual time: 8 hours; Time rate: Rs. 1.50 per hour.

PART B (4 X 10 =40)
ANSWER ANY FOUR QUESTIONS

11. Explain the nature and scope of Cost accounting.
12. Compare the re-order level, minimum level, maximum level, average stock level for components A and B based on the following data:

	A	B
Maximum consumption per week	150 units	150 units
Average consumption per week	100 units	100 units
Minimum consumption per week	50 units	50 units
Re-order period	8 to 12 weeks	4 to 9 weeks
Re-order quantity	400 units	600 units

13. Explain the essential features of good wage payment system.
14. From the following particulars, calculate the earnings of different workers under Taylor's differential piece rate system

Standard time per hour : 6 minutes

Normal rate : Rs. 5 per hour

Differential piece rates :

80% of piece rate below the standard

120% of piece rate at or above the standard

In a day of 8 hours, the production by different workers is as under:

Amar: 70 units; Badekhan: 80 units; chaplin: 90 units; Dharmsingh: 100 units.

15. Work out the Machine Hour Rate for the following machine whose scrap value is nil.

- (i) Cost of machine Rs. 3,60,000
- (ii) Freight and installation Rs. 40,000
- (iii) Working life 20 years
- (iv) Working hours 8000 per year
- (v) Repair charges 50% of depreciation
- (vi) Power 10 unit per hour @ 10 paisa per unit
- (vii) Lubricating oil @ Rs. 2 per day of 8 hours
- (viii) Consumable stores @ Rs.10 per day of 8 hours
- (ix) Wages of operator @ Rs. 4 per day

16. From the following data calculate the cost per running kilometre of a vehicle.

Value of vehicle	4,50,000
Road license fee per year	1,500
Insurance charges per year	300
Garage rent for the year	1,800
Drivers rent for the year	400
Cost of petrol per liter	18
Kilometer per liter	8 kms
Proportionate charges for tires and maintenance per kilometre	0.30
Estimated life	1,50,000 Kms
Estimated annual kilometers	6,000 Kms

17. Draw the proforma of cost sheet with all necessary adjustments.

PART C (2X 20 = 40)

ANSWER ANY TWO

18. "Cost can be classified in various ways according to their nature and needs of management". Discuss.

19. Draw a stores ledger card recording the following transactions under FIFO method:

2015 July 1	Opening stock 2,000 units at Rs. 10 each
5	Received 1,000 units at Rs.11 each
6	Issued 500 units
10	Received 5,000 units At Rs. 12 each
12	Received back 50 units out of the issue made on 6 th July
14	Issued 600 units
18	Returned to supplier 100 units out of goods received on 5 th July
19	Received back 100 units out of the issue made on 14 th July
20	Issued 150 units
25	Received 500 units at Rs. 14 each
28	Issued 300 units

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

20. A product passes through two distinct processes, A and B and thereafter to finished stock. From the following information, you are required to prepare Process cost accounts.

	Process A	Process B
Materials consumed	Rs. 12,000	Rs. 6,000
Direct labour	Rs.14,000	Rs. 8,000
Manufacturing expenses	Rs. 4,000	Rs. 4,000
Input in Process A (units)	10,000	-
Input in Process A (Value)	-	Rs.10,000
Output (units)	9,400	8,300
Normal wastage	5%	10%
Value of normal wastage (per 100 units)	Rs 8	Rs.10

21. Modern manufacturers Ltd., have three production departments P1, P2 and P3 and two service departments S1 and S2, the details pertaining to which are as under:

	P1	P2	P3	S1	S2
Direct wages(Rs.)	30,000	20,000	30,000	15,000	5,000
Working hours	3,070	4,475	2,419	-	-
Value of machine(Rs)	6,00,000	8,00,000	10,00,000	50,000	50,000
H.P.of machine	60	30	50	10	-
Light points	100	150	200	100	50
Floor space (Sq.feet)	20,000	25,000	30,000	20,000	5,000

The following figures extracted from the accounting records are relevant.

Rent Rs. 15,000

General lighting Rs. 6,600

Indirect wages Rs. 20,000

Power Rs. 15,000

Depreciation on machines Rs. 1,00,000 and sundries Rs. 10,000

The expenses of services departments are allocated as under

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

Find out the works cost of product 'X' which is processed for manufacture in departments P1, P2 and P3 for 4,5 and 3 hours respectively, given that its direct material is Rs. 500 and direct labor cost is Rs. 430.
