

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A.DEGREE EXAMINATION –BUSINESS ADMINISTRATION

THIRD SEMESTER – APRIL 2018

16UBU3MC01– COST ACCOUNTING

Date: 03-05-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION A (10X2=20Marks)

ANSWER ALL THE QUESTIONS

1. State the objectives of cost accounting.
2. What is imputed cost? Give an example.
3. What are the components of prime cost?
4. List the items that are excluded while preparing a cost sheet.
5. What is Stores Ledger Account?
6. How overtime wages is computed?
7. What do you mean by activity based costing?
8. State the purpose of absorption costing.
9. Distinguish Batch costing from contract costing.
10. How residuals are treated in contract costing?

SECTION-B(4X 10=40 MARKS)

ANSWER ANY FOUR QUESTIONS

11. Discuss various cost accounting techniques.
12. The following data relate to the manufacturing of a standard product during the month of march 1989:
 - a. Raw material – Rs 20000
 - b. Direct wages – Rs 12000
 - c. Machine hours worked – 1000 hours
 - d. Machine hour rate – Rs 2 per hour
 - e. Office overhead - 20% on works cost
 - f. Selling overhead – Re. 0.40 per unit
 - g. Units produced- 20000 units
 - h. Units sold at Rs 3 each – 18000 units

Prepare a cost sheet :

13. From the information given below you are required to fix high piece rate and calculate earnings of X,Y,Z who complete the job within 12,10,9 hrs respectively

- Standard time : 10 hr for a job
- Rate per hour: Re 0.50
- Below 100% efficiency- Time wages
- At 100% efficiency-Time wages plus 10%
- Above 100% efficiency-straight piece rate plus 20%

What will be effective hourly rate?

14. Find out the Machine Hour Rate from the following:

- Cost of Machine – Rs.3,60,000
- Freight and Installation – 40,000
- Working Life- 20 Years
- Working Hours – 8,000 hours, p.a
- Repairs Charges – 50% of Depreciation
- Power- 10 units per hour@ 10 Paise per unit
- Lubricating oil@ Rs.2 per day of 8 hours
- Consumable stores @ Rs.10 Per day of 8 hours
- Wages of operator @ Rs.4 Per day

15. Two components X and Y are used as follows:

- Normal usage: 600 units per week each
- Minimum usage: 900 units per week each
- Maximum usage: 300 units per week each
- Reorder quantity
- X- 4,800 units
- Y- 7,200 units
- Reorder period:
- X- 4 to 6 weeks
- Y- 2 to 4 weeks
- Calculate for each of the components:

(a) Reorder level (b) Minimum level (c) Maximum level (d) Average stock level

16. Senthil Construction Company undertook a contract for constructing a building from 1st Jan 2010, contract price was Rs.1, 00,000. He incurred the following expenses.

Rs.

Materials issued	- 6000
Materials in hand, at the end	- 1000
Wages	- 5000
Direct expenses	- 20000

Plant purchased - 10000

The contract was completed on 30th June 2010 and the contract price was duly received. Provide depreciation @ 20% p.a on plant and charge indirect expenses at 20% on wages. Prepare contract account in the books of the company.

17. M/s Vimal & Co. Has supplied the following information regarding its production departments for the month of March 2005.

	Rs.	
Material used	72,000	
Direct Labour cost	60,000	
Direct Labour hours worked		48,000 hrs
Hours of machine operators		40,000 hrs
Factory overheads of departments	50,000	

On one particular job order carried out within the department, the relevant data were:

Material used	4000	
Direct Labour	3300	
Machine		4800 hrs

Prepare a comparative statement of cost of the job order by using the following three method of recovery of overheads:

- (i) Direct labour cost rate method
- (ii) Direct labour hour method
- (iii) Machine hour rate method

SECTION-C

ANSWER ANY TWO OF THE FOLLOWING

(2 X 20= 40 Marks)

18. Explain the need and importance of cost accounting.

19. The following figures have been obtained from the cost records of Ria manufacturing company for the year 1992

cost of materials	2,40,000
Wages of labour	2,00,000
Factory overhead	1,20,000
Distribution expenses	56,000
Administration expenses	1,34,400
Selling expenses	89,600
Profit	1,68,000

A work order has been executed in 1993 and the following expenses have been incurred:

Cost of materials 32000, and wages 20000

Assuming that in 1993 the rate for factory overhead went up by 10% and administration charges went up by 12.5% at what price should the product or the job be quoted so as to earn the same rate profit on the selling price? Show the full working. Selling and Distribution charges are based on the factory cost.

20. A factory has three production departments X, Y, Z and service departments A and B. The budgeted expenditure for the month of March 1999 are given below:

Rent- Rs.15,000, General Lighting-Rs.6600, Indirect Wages-20,000, Power-15,000, Depreciation on Machines-100000, and Sundries-10,000.

The other details are:

Particulars	X	Y	Z	A	B
Direct Wages	30000	20000	30000	15000	5000
Working Hours	3070	4475	2419	-	-
Value of machines	600000	800000	1000000	50000	50000
Horse Power of Machines	60	30	50	10	-
No. of light points	100	150	200	100	50
Floor area	20000	25000	30000	20000	5000

Service department overheads are apportioned on the following basis.

	X	Y	Z	A	B
Service Dept.A	20%	30%	40%	-	10%
Service Dept.B	40%	20%	30%	10%	-

Find out the work cost of product 'X' which is processed for manufacture in departments X Y and Z for 4 5 and 3 hours respectively, given that its direct materials is Rs.500 and labour cost is Rs.430.

21. Construction Ltd., is engaged on two contracts A and B during the year. The following particulars are obtained at the end of Dec. 1998.

	Contract A April 1 Rs.	Contract B Sep. 1 Rs.
Contract price	6,00,000	5,00,000
Materials issued	1,60,000	60,000
Materials returned	4,000	2,000
Materials at site Dec 31	22,000	8,000
Direct labour	1,50,000	42,000
Direct expenses	66,000	35,000
Establishment expenses	25,000	7,000
Plant installed at site at cost	80,000	70,000
Value of plant (Dec.31)	65,000	64,000
Cost of contract not yet Certified	23,000	10,000
Value of contract certified	4,20,000	1,35,000
Cash received from contractees	3,78,000	1,25,000
Architect's fees	2,000	1,000

During the period materials amounting to the Rs.9,000 have been transferred from contract A to contract B.

You are required to show:

- Contract accounts
- Contractee's accounts
- Balance sheet extracts, showing work-in-progress clearly.
