

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



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

THIRD SEMESTER – APRIL 2022

### UBU 3501 – COST ACCOUNTING

Date: 16-06-2022  
Time: 01:00-04:00

Dept. No.

Max. : 50 Marks

#### PART – A

Q. No Answer ALL questions

(10 \* 2 = 20 Marks)

- 1 State any two limitations of Cost accounting.
- 2 Define the terms 'Cost units' and 'Cost centers'.
- 3 Identify any two differences between Bin card and Stores Ledger.
- 4 Calculate the EOQ from the following information: Annual usage - 20000 units, Buying cost per order – Rs 10, Cost per unit – Rs 100, Cost of carrying inventory – 10% of cost.
- 5 Calculate Labour Turnover using Replacement method: Average number of employees during the year – 1500 & Number of employees replaced - 50.
- 6 What is Idle time?
- 7 Identify the bases for the apportionment of expenses given below to the different departments: Staff recreation expenses & Factory Rent.
- 8 What is operating costing?
- 9 Identify any two differences between Job costing and Batch costing
- 10 Find out Abnormal Loss/Gain in units from the following information: Input – 5000 units, Normal Loss – 20% & Output – 4300 units.

#### PART – B

Answer any FOUR questions

(4 \* 10 = 40 Marks)

- 11 Explain the steps to be taken for the installation of a costing system
- 12 The accounts of Sun Ltd shows the following details for the year 2019 are given below:

| Particulars             | Rs     |
|-------------------------|--------|
| Materials               | 350000 |
| Labour                  | 270000 |
| Factory overhead        | 81000  |
| Administrative overhead | 56,080 |

It is estimated that Rs 1000 for material and Rs 700 for labour will be required for one unit of the finished product for quotation purpose. Absorb factory overheads on the basis of labour and administrative overheads on the basis of works cost. A profit of 12.5% on selling price is required on quotation.

Prepare a cost sheet and prepare a statement of the selling price per unit of the finished product.

- 13 Material 'Z' is used as follows:

| Particulars                                    | Quantity/period  |
|--|------------------|
| Maximum usage in a month                       | 600 units        |
| Minimum usage in a month                       | 400 units        |
| Average usage in a month                       | 450 units        |
| Lead time                                      | Maximum 6 months |
| Lead time                                      | Minimum 2 months |
| Reorder Quantity                               | 1500 units       |
| Maximum reorder period for emergency purchases | 1 month          |

Calculate Reorder level, Maximum stock level, Minimum stock level, Average Stock level, Danger level.

- 14 From the following particulars, calculate earnings of a worker under (i) Time rate system (ii) Piece wage rate (iii) Halsey plan (iv) Rowan plan

| Particulars                        |
|------------------------------------|
| Wage rate – Rs 2 per hour          |
| Production per hour – 4 units      |
| Dearness allowance – Rs 1 per hour |
| Standard time fixed – 80 hours     |
| Actual time taken – 50 hours       |
| Production – 250 units             |

- 15 Calculate the earnings of workers A and B from the following particulars for a month and allocate the earnings of each to Job I, Job II and Job III.

| S.No | Particulars                                | A      | B      |
|------|--|--------|--------|
| 1    | Basic Wages (Rs)                           | 1000   | 1500   |
| 2    | Dearness allowance                         | 80%    | 80%    |
| 3    | Provident fund (on basic wages)            | 6%     | 6%     |
| 4    | Employees state insurance (on basic wages) | 4%     | 4%     |
| 5    | Overtime                                   | -      | 20 hrs |
| 6    | Idle time and leave                        | 18 hrs | -      |

The normal working hours for the month are 200. Overtime is paid at double the normal wages and DA. Employers contribution to state insurance and PF are at equal rates with employees' contribution. The month contains 25 working days and one paid holiday. The two workers were employed on Job I, II and III in the following proportions:

| Job      | I   | II  | III |
|----------|-----|-----|-----|
| Worker A | 40  | 120 | 40  |
| Worker B | 110 | 40  | 50  |

Overtime was done on Job III.

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Calculate Overhead absorption rates under Direct material percentage rate, Direct wages percentage rate and Prime cost percentage rate from the following details pertain to the production department of a factory:

| Particulars                                 |          |
|---|----------|
| Material Consumed                           | Rs 60000 |
| Direct Wages                                | Rs 40000 |
| Machine hours                               | 50000    |
| Labour hours worked                         | 25000    |
| Factory overhead relating to the department | Rs 50000 |

- 17 The demand per annum of a product is 48000 units. It is produced in batches and the largest size of a single batch is 8000 units. The set-up cost per batch is Rs 1500. The annual carrying inventory cost is Rs 2.25 per unit. Assume average inventory as 50% of the number of units made in each batch. Selecting 4,6,8,12 and 24 batches per annum, determine annual cost of each batch and state the optimum number of batches to minimize the total cost.

### PART – C

Answer any TWO questions

(2 \* 20 = 40 Marks)

- 18 Distinguish between Cost accounting and financial accounting.
- 19 From the following information prepare the stores ledger account showing the pricing of materials issue by adopting the FIFO method and ascertain the value of the closing stock.

| 2019 July<br>Dates | Particulars                           |
|--------------------|---------------------------------------|
| 1                  | Opening stock 1200 units @ Rs 20 each |
| 2                  | Purchased 600 units @ Rs 19.50 each   |
| 5                  | Issued 800 units                      |
| 12                 | Purchased 1300 units @ Rs 19 each     |
| 15                 | Issued 1250 units                     |
| 20                 | Purchased 1000 units @ Rs 20 each     |
| 29                 | Issued 1700 units                     |
| 30                 | Purchased 1000 units @ Rs 22 each     |
| 31                 | Issued 750 units                      |

- 20 A manufacturing concern is divided into four departments A, B, C are production departments and D is a service department. Apportion the costs to the various departments on the most equitable basis by preparing a primary equitable Overheads distribution summary. The actual expenses for a period are as follows:

| Particulars                       | Amount (Rs) |
|-----------------------------------|-------------|
| Rent                              | 10000       |
| Repairs to plant                  | 6000        |
| Depreciation to plant             | 4500        |
| Lighting expenses                 | 1000        |
| Supervisory expenses              | 15000       |
| Fire Insurance (on stock)         | 5000        |
| Power                             | 9000        |
| Employers liability for Insurance | 1500        |

The following information is available in respect of the four departments.:

| <b>Particulars</b>  | <b>Department A</b> | <b>Department B</b> | <b>Department C</b> | <b>Department D</b> |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| Area (Sq.foot)      | 1500                | 1100                | 900                 | 500                 |
| Number of lights    | 75                  | 11                  | 9                   | 5                   |
| Number of employees | 200                 | 150                 | 100                 | 50                  |
| Total Wages (Rs)    | 60000               | 40000               | 30000               | 20000               |
| Value of Plant (Rs) | 240000              | 180000              | 120000              | 60000               |
| Value of Stock (Rs) | 150000              | 90000               | 60000               | -                   |

- 21 (a) Examine the differences between Process costing and Job costing.  
(b) Explain the methods of dealing with By-products costing.

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