

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

THIRD SEMESTER – APRIL 2023

UBU 3501 – COST ACCOUNTING

Date: 02-05-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Q. No Answer ALL Questions

(10 x 2 = 20 Marks)

- 1 State any two objectives of Cost Accounting
- 2 Calculate Works Cost from the following information – Factory Expenses – Rs 700, Office Expenses – Rs 300, Material consumed – Rs 3400, Selling Expenses – Rs 900.
- 3 Calculate the Inventory Turnover ratio from the following information for Material 'M': Opening stock – Rs 80000, Closing stock – Rs 60000 & Materials Purchased – Rs 260000.
- 4 What is a Reconciliation statement?
- 5 Alpha Ltd appointed five workers at an hourly rate of Rs 2. During the week, they worked for 4 days for a total period of 40 hrs each and completed a job. The standard time was 48 hours for each worker, Calculate the Labour cost under the Rowan method of Incentive plan payments
- 6 Identify the bases for the apportionment of the following expenses given below: Insurance & Depreciation.
- 7 Calculate EBQ: Annual production units 3200000, Setting up cost – Rs 20 and Cost of inventory holding – Rs 0.02.
- 8 Write down the formula for calculating Total passenger Kilometer.
- 9 Write down the formula for calculating Abnormal Loss.
- 10 Calculate the Cost of Joint Products using Average Cost method: P,Q and R. Cost up to point of separation was Rs 80000. Units produced are as follows: P – 5000 units, Q – 8000 units, R – 3000 units

PART – B

Answer any FOUR Questions

(4 x 10 = 40 Marks)

- 11 Explain the steps to be taken for the installation of a costing system.
- 12 The Net Profit of SM Ltd appeared at Rs 64377 as per the financial records for the year ended on 31st December 2020. The Cost Books however showed a Net Profit of Rs 86200 for the same period. A scrutiny of the figures from the two sets of accounts revealed the following facts :

Particulars	Amount (Rs)
Work Overheads Under-Recovered in Cost	1560
Administrative Overheads recovered in excess in cost	850
Depreciation charged in Financial Accounts	5600
Depreciation recovered in Cost	6250
Interest on investment not included in cost	4000
Loss due to obsolescence charged in financial accounts	2850
Income Tax provided in Financial Accounts	20150
Bank Interest and Transfer fee	375
Stores adjustments (Cr)	237
Loss due to depreciation in stock value (Charged in Financial Account)	3375

Prepare a statement showing the reconciliation between the figures on Net Profit as per Cost Accounts and the figures of Net Profit as shown in the financial books.

- 13 Explain the causes for Labour turnover. What steps do you suggest to reduce Labour turnover for a pharmaceutical organization
- 14 Material 'C' 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.

- 15 Compute Machine hour rate from the following information given below:

Particulars	
Cost of Machine 'B'	Rs 13500
Life of the Machine	10 years
Estimates scrap value (after 10 years)	Rs 1980
Working hours	1800
Insurance (per annum)	Rs 45
Cotton wastes (per annum)	Rs 75
Rent for department (per annum)	Rs 975
Foreman's salary (per annum)	Rs 7500
Lighting for department (per annum)	Rs 360
Repairs for entire life	Rs 1440

Power: 10 units @7.5 paise per units.

Machine 'B' occupies 1/5 of the area and foreman devotes 1/4 th of his time to the machine.

The machine has two light points out of the total 12 for lighting in the department.

- 16 Distinguish between Job Costing and Process Costing.
- 17 Explain the methods of dealing with Joint costs and By-Products in Process Costing.

PART – C

Answer any TWO Questions

(2 x 20 = 40 Marks)

- 18 Distinguish between Financial Accounting and Cost Accounting.
- 19 The particulars of a factory for the year 2022 are given below :

Particulars	Rs
Materials used	150000
Direct wages	120000
Factory overheads	30000
Administrative expenses	15000

Prepare cost sheet for the year ended 2022 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.

20. From the following information prepare the stores ledger account showing the pricing of materials issue by adopting the FIFO & LIFO method and ascertain the value of the closing stock.

2021 Jan Dates	Particulars

1	Opening stock 200 units @ Rs 2.50 per unit
5	Purchased 300 units @ Rs 3 per unit
7	Purchased 500 units @ Rs 4 per unit
10	Issued 600 units
12	Purchased 400 units @ Rs 4 per unit
18	Issued 500 units
24	Purchased 400 units @ Rs 5 per unit
28	Issued 200 units

- 21 The following particulars relate to a manufacturing company which has three production departments A, B & C and two service departments X and Y.

Departments	A	B	C	X	Y
Total Overheads as per					
Primary distribution (Rs)	13600	14700	12800	9000	3000

The company decided to charge the service department cost on the basis of the following percentages.

Expenses	Production Department			Service Department	
	A	B	C	X	Y
X	40%	30%	20%	--	10%
Y	30%	30%	20%	20%	--

Prepare a statement of Secondary distribution under Repeated distribution method.

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