

# 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

### SECTION A

**Answer ALL the Questions**

**1. Define the following:**

**(5 x 1 = 5 Marks)**

a)	Costing.	K1	CO1
b)	FNSD Analysis.	K1	CO1
c)	Over Time.	K1	CO1
d)	Absorption.	K1	CO1
e)	Normal Loss.	K1	CO1

**2. Fill in the blanks:**

**(5 x 1 = 5 Marks)**

a)	The total of Direct costs is termed as _____ cost.	K1	CO1
b)	EOQ is economic _____ quantity.	K1	CO1
c)	_____ method is based on output produced by workers.	K1	CO1
d)	Overhead is also known as _____.	K1	CO1
e)	Batch Costing is useful to determine _____.	K1	CO1

**3. Match the following:**

**(5 x 1 = 5 Marks)**

a)	Cost of sales plus profit	Number of employees	K2	CO1
b)	Material Requisition	Repairs Shop	K2	CO1
c)	<b>Piece wages</b>	Supply of Material	K2	CO1
d)	<b>Recreating Expenses</b>	Output produced	K2	CO1
e)	<b>Job Costing</b>	Selling Price	K2	CO1

**4. True or False:**

**(5 x 1 = 5 Marks)**

a)	Bad Debts are excluded from cost accounts.	K2	CO1
b)	Spoilage can be normal or abnormal.	K2	CO1
c)	<b>Labour turnover indicates the productivity of labour.</b>	K2	CO1
d)	Foreman's salary is an item of factory overhead.	K2	CO1
e)	Job costing can be used along with the marginal costing technique.	K2	CO1

### SECTION B

**Answer any TWO of the following in 150 words**

**(2 x 10 = 20 Marks)**

5	The cost accounts department of a company has supplied the following data for the supply of 2,000 units of products. Direct Materials : 40,000 tons at Rs.5 per ton Direct Wages : 8,000 labour hours at Rs.50 per hour. Overheads: Variable: Factory Rs.10 per labour hour Selling Rs.20 per unit Fixed : Factory Rs.1,00,000 Office Rs. 2,00,000  Prepare a statement showing the price to be fixed which will fetch a profit of 25% on cost.	K3	CO2
6	Two components A and B were used as follows: Normal usage 3000 units per week each	K3	CO2

Minimum usage 1500 units per week each  
 Maximum usage 4500 units per week each  
 Reorder quantity A – 13000 units B – 14000 units  
 Reorder Period A – 4 to 6 weeks B – 2 to 4 weeks  
 Calculate re-order level, maximum level, minimum level, and average stock level.

7 Illustrate the essentials of a good wage payment system. K3 CO2

8 Calculate the machine hour rate from the following: K3 CO2

Rs.

Cost of machine 80,000  
 Cost of Installation 20,000  
 Scarp value after 10 years 20,000  
 Rent, Rates per quarter for the shop 3,000  
 General lighting (per month) 200  
 Shop supervision per quarter 6,000  
 Insurance premium p.a 600  
 Estimated repairs p.a 1,000  
 Power 2 units per hour at Rs.50 per 100 units. Estimated working hours per annum 2,000. The machine occupies 1/4<sup>th</sup> of the total area of soap. The Supervisor devotes 1/6<sup>th</sup> of his time for supervising this machine. General lighting is to be apportioned on the basis of floor area.

**SECTION C**

**Answer any TWO of the following in 150 words (2 x 10 = 20 Marks)**

9 Prepare a Reconciliation statement from the following data: K4 CO3

Particulars	Rs.
Net loss as per cost accounts	3,44,800
Net loss as per financial accounts	4,32,890
Works overhead under recovered in costing	6,240
Depreciation overcharged in costing	2,600
Interest on investments	17,500
Administrative overhead over recovered in costing	2,600
Goodwill written off	92,000
Stores adjustment in financial books (cr)	950
Depreciation of stock charged in financial books	13,500

10 The following particulars relate to a Ramu Manufacturing Ltd, which has three department X, Y, Z and two service departments A and B. K4 CO3

Particulars	X	Y	Z	A	B
Overheads as per Primary Distribution	16,000	13,000	14,000	4,000	6,000

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

	Production Department			Service Department	
	X	Y	Z	A	B
A	20%	25%	35%	-	20%
B	25%	25%	40%	10%	-

Find the total overhead of production departments on the Repeated Distribution Method.

11 Analyse the causes for and effects of Labour Turnover. K4 CO3

12 Make out the necessary accounts from the following details: K4 CO3

	Process A	Process B
	Rs.	Rs.
Materials	30,000	3,000
Labour	10,000	12,000
Overheads	7,000	8,600
Input (units)	20,000	17,500
Normal loss	10%	4%
Sales of waste	Rs.1	Rs.2

per unit  
There was no opening or closing stock or work-in-progress. The final output from process B was 17,000 units.

### SECTION D

**Answer any ONE of the following in 250 words (1 x 20 = 20 Marks)**

- 13 From the following transactions, prepare separately the stores ledger account, using the following methods: FIFO & LIFO K5 CO4

Jan 1	Opening Balance	100 units @ Rs.5 each
5	Received	500 units @ Rs.6 each
20	Issued	300 units
Feb 5	Issued	200 units
6	Received back from work order issued on 5 <sup>th</sup> Feb	10 units
7	Received	600 units @ Rs.5 each
20	Issued	300 units
25	Returned to Suppler	50 units purchased on 7 <sup>th</sup> Feb
26	Issued	200 units
Mar 10	Received	500 units @ Rs.7 each
15	Issued	300 units

Stock verification on 15<sup>th</sup> March revealed a shortage of 10 units

- 14 Putin Ltd. has three production departments P1, P2 and P3 and two service departments S1 and S2. The following particulars are available for the month of March 2020 concerning the organization: K5 CO4

Particulars	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour expenses	10,000

Following further details are also available:

	P1	P2	P3	S1	S2
Floor space (Sq. mts)	1,000	1,250	1,500	1,000	250
Light points (Nos)	40	60	80	40	20
Direct wages (Rs)	12,000	8,000	12,000	2,000	6,000
HP of machines (Nos)	60	30	50	10	-

Cost of machines (Rs)	48,000	64,000	4,000	4,000	80,000
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The expenses of the service department are to be allocated as follows:

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

Apportion the costs of the various departments by the most equitable method.

### SECTION E

**Answer any ONE of the following in 250 words (1 x 20 = 20 Marks)**

- 15 The following is the manufacturing and Profit and Loss Account of Sanjay Bai Manufacturing Company for the year ended 31.03.2016, output 850 units.

K6

CO5

Particulars	Rs.	Particulars	Rs.
To Materials	64,000	By Sales	3,20,000
To wages	96,000		
To Works expenses	40,000		
To Salaries	48,000		
To Office expenses	8,000		
To General expenses	24,000		
To Selling expenses	16,000		
To Net Profit	24,000		
	3,20,000		3,20,000

For the year ending 31.03.2017, it is estimated that:

- Output and sales will be 1,000 units.
- Material price will increase by 25%
- Wage cost will increase by 12.5%
- Works expenses will increase in proportion to the combined cost of materials and wages.
- Selling expenses per unit will remain constant.
- Other expenses remain constant.
- Profit of 12.5% on sales is to be made.

Prepare a statement of cost and profit for the year and estimated costs and profit for the next year.

- 16 The product of a manufacturing concern passes through three processes. In March 2021, the cost of production was as given below:

K6

CO5

Particulars	Process A	Process B	Process C
Raw Material used (Tons)	200	71	164
	Rs.	Rs.	Rs.
Cost per ton	100	300	50
Direct Wages	8,000	3,490	2,850
Overheads	2,520	2,400	3,820
Sales of scrap per ton	80	60	120

The product of the three processes is dealt with as follows:

Sent to warehouse for sale A – 25% B-50% C-100%

Sent to next process A - 75% B-50% -

In each process, 6% of total weight is lost and 8% is scrap. Prepare process cost accounts.

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