



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2011

BU 5504/BU 5501 - COST ACCOUNTING

Date : 04-11-2011
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

Part A

Marks:2x10=20

Answer ALL questions

1. What is work in progress? How is it shown in a cost sheet?
2. State 2 differences between Bin card and Stores Ledger.
3. Distinguish between overtime and idle time
4. What is an opportunity cost? Give an example.
5. State whether the following statements are true or false:
 - a. Piece workers are paid on the basis of output sold.
 - b. Overheads is the aggregate of indirect material, indirect labour and indirect expenses.
6. The estimated overheads of a factory are Rs.40000 and the estimated labour hours are 8000. Calculate the overheads to be charged to Job X which requires 20 labour hours, if overheads are recovered as a rate per labour hour.
7. Opening stock of raw material Rs.2000
Purchase of raw material RS.58000
Import duty on raw material Rs.8000
Closing stock of raw material RS.1500
Sale of raw material scrap Rs.1000
Calculate value of raw material consumed.
8. Cash received from contractee Rs.48000 after withholding 20% retention money. Contract price RS.1,40,000. If notional profit is Rs.15000, what is the portion of profit transferred to P and L.
9. In a process 10,000 units are introduced. 8000 units are complete and transferred to the next Process. 2000 units 80% complete, remained as closing work in progress. If the total cost of the process is Rs.48,000 calculate the value of closing work in progress.
10. From the following calculate the sale price:
Prime cost Rs.720 per unit
Works overheads 25% of prime cost
Office overheads 10% of cost of production
Profit 20% on sales

PART B

Marks:5x8=40

Answer ANY FIVE questions

11. What is labour turnover? Explain its causes and effects.
12. Distinguish between Financial Accounting and Cost Accounting.
13. From the following data, prepare stores ledger account, using weighted average method:
2010 March 1 opening balance 1000 units at RS.7 per unit
3rd purchased 2000 units at Rs.8 per unit
10th issued 1500 units
15th purchased 2000 units at Rs.7.50 per unit
18th issued 1600 units
20th received back 100 units out of the issues made on 18th.
25th purchased 1000 units at Rs.7.75 per unit
30th issued 2000 units.
On 30th a shortage of 20 units were found on stock verification.

14. From the following data calculate reorder level, minimum level, maximum level and reorder quantity.

Reorder period 4 – 6 weeks

Consumption 50 – 100 units per week

Annual consumption 36000 units

Cost per unit Re.1

Ordering cost per order Rs.25

Inventory carrying cost 20% per annum, per unit

15. The standard time allowed for a job is 50 hours. The hourly rate is Rs.2 per hour, plus a Dearness Allowance of Rs.2.50 per hour worked. The actual time taken by a worker is 40 hours. Calculate his total wages under :

a) Time rate basis

b) Piece rate basis

c) Halsey plan

d) Rowen plan

16. A factory, producing article A also produces by-products B and C, which is further processed into a finished product. The joint cost of manufacture is Rs.1,04,200. Subsequent expenses are :

A - Rs.50,000; B - Rs.30,000; C - Rs.25000

Sales of A, B and C are Rs.1,60,000, Rs.84,000 and Rs.44,000 resp.

The estimated profit on total cost for A is 25%, B 20% and C 10%. Assume that selling and distribution expenses are in proportion to sale value.

Show how the total joint cost is apportioned between the three products.

17. A contractor started a contract on 1st January 2010 for Rs.6,00,000. The expenses incurred during the year ending 31st December 2010 were as follows:

Material – Rs.2,00,000

Wages paid – Rs.1,70,000

Other expenses – Rs.28,500

During the year the contractor received Rs.3,60,000 in cash, representing 80% of works certified. Work uncertified was estimated at Rs.4,000. Plant installed at the site was worth Rs.45,000. Plant costing Rs.5,000 was returned to stores on 31st December 2010. Plant is subject to 10% depreciation per annum. Of the materials issued to the contract, material costing Rs.10,000 were damaged and sold for Rs.6,000. Material at site on 31/12/2010 – Rs.20,000.

Prepare the contract account and show the profit transferred to P and L.

18. A manufacturing concern has three production departments A, B and C and two service departments X and Y. The department expenses apportioned to the 5 departments are as follows:

A – RS.16,000; B – Rs.13,000; C – Rs.14,000; X – Rs.4,000; and Y – Rs.6,000

The service department expenses are to be apportioned as follows:

	A	B	C	X	Y	
Dept X		20%	25%	35%	-	20%
Dept Y	25%	25%	40%	10%	-	

Prepare a statement for secondary distribution under repeated distribution method.

Calculate the department overhead recovery rate as a percentage on wages, assuming the wages of the three production departments are: A - Rs.2,00,000, B – Rs.1,00,000 and C – Rs.1,50,000.

PART C

Answer **ANY TWO** questions

Marks:2x20=40

19. . From the following data calculate the cost per effective running kilometre.

No of trucks 10

Life of each truck 2,00,000 kms

Monthly distance travelled by each truck 5,000 kms

Average empty running per month 20%

Petrol – 1 litre for every 20 kms

Cost of truck Rs.1,20,000

Scrap value at the end of life Rs.20,000

Staff salaries per month Rs.3,500

Driver's salary per month, per truck Rs.1,100

Salary of 3 mechanics common for all trucks Rs.500 each per month

Garage expenses for 10 trucks Rs.12,000 per annum

Insurance 2.4% per annum, on cost of truck.

Road tax per truck Rs.1,200 per annum

Petrol cost per litre Rs.10

Tyres and repairs per kilometre 40 paise.

20. From the following information ascertain financial and costing profit and reconcile the two profits:

Material consumed – Rs.7,08,000

Direct wages – Rs.3,71,000

Works overhead – Rs.2,13,000

Administration overhead – Rs.95,500

Selling overheads – Rs.1,13,500

Goodwill written off – Rs.10,000

Sales (30,000 units) – Rs.15,00,000

Closing stock of finished goods (1000 units) – Rs.40,000

Closing work in progress – Rs.30,000

Dividend received – Rs.16,000

The company produces a standard unit and the cost records show:

a) works overheads were charged at 20% on prime cost.

b) administration overheads were recovered at Rs.3 per finished unit

c) selling overheads were recovered at Rs.4 per unit sold.

21. A product passes through 3 processes A, B and C before it is complete. From the following data prepare process accounts, normal loss account, abnormal loss account and abnormal gain account.

	Process A	Process B	Process C
	Rs	Rs	Rs
Material	1500	2250	2500
Direct Labour	7500	1200	1800
Overheads	1575	1425	1200
Output in units	9700	9100	8300
%age of scrap on input	3%	5%	10%
Sale value of scrap per unit	25 paise	50 paise	Re.1

10,000 units have been issued to Process A at a cost of Rs.10,000.
