

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BBA DEGREE EXAMINATION MAY 2024  
(Second Semester)

Common to Branches – BUSINESS ADMINISTRATION /  
BUSINESS ADMINISTRATION(INFORMATION SYSTEMS) /  
BUSINESS ADMINISTRATION (RETAIL MANAGEMENT)

COST ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Basic objectives of cost accounting are \_\_\_\_\_  
i) Tax compliance                      ii) Financial audit  
iii) Cost ascertainment                iv) Profit analysis
2. \_\_\_\_\_ is decided on the basis of ordering cost and carrying cost.  
i) EOQ                                      ii) Maximum Stock Level  
iii) Minimum Stock Level              iv) Average Stock Level
3. \_\_\_\_\_ System reduces rough handling of machines.  
i) Time Rate              ii) Piece Rate              iii) Rowan Plan              iv) Halsey Plan
4. A method of costing applied where costs are collected and accumulated for each work order  
i) Process costing      ii) Contract costing      iii) Operating costing      iv) Job costing
5. The costing method where fixed factory overheads are added to inventory is called \_\_\_\_\_.  
i) Activity-based costing              ii) Absorption costing  
iii) Marginal costing                      iv) All of the above

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) State the objectives of cost accounting.  
(or)  
b) Differentiate between tender and quotation.
7. a) Find out the economic ordering quantity (EOQ) from the following particulars.  
Annual usage:Rs.1,20,000  
Cost of placing and receiving one order:Rs.60  
Annual carrying cost:10% of inventory value  
(or)  
b) From the following information calculate maximum stock levels.  

Normal consumption per day	500kgs
Minimum consumption per day	200kgs
Maximum consumption per day	800kgs
Lead time	10 to 16days
Reorder quantity	3,000
8. a) List and explain the various classifications of overheads.  
(or)

Cont...

- b) The following details pertain to the production department of a factory.

	Rs.
Materials consumed	60,000
Direct wages	36,000
Machine hours	18,000
Labour hours worked	27,000
Factory overheads	54,000
Output during the year	9,000

Calculate overhead absorption rate under different methods possible from the above data.

9. a) A product passes through two distinct processes A and B and then to finished stock. From the following information prepare process accounts.

Particulars	Process A Rs.	Process B Rs.
Materials consumed	12,000	6,000
Direct Labour	14,000	8,000
Manufacturing expenses	4,000	4,000
Input in Process A(units)	10,000	-
Input in Process A(value)	10,000	-
Output in units	9,400	8,300
Normal loss	5%	10%
Value of Normal loss(per 100) units	8	10

(or)

- b) The following was the expenditure on a contract for Rs.6,00,000. Work commenced in January 2009.

	Rs.
Materials	1,20,000
Wages	1,64,400
Plant	20,000
Business expenses	8,600

Cash received on account was Rs. 2,40,000 being 80% of work certified. Value of materials on hand at 31.12.2009 was Rs.10,000. Prepare the contract account for 2009 showing profit to be credited to profit and loss account. Plant is to be depreciated at 10%.

10. a) The following data are obtained from the records of a company.

	Period I Rs.	Period II Rs.
Sales	80,000	90,000
Profit	10,000	14,000

Calculate Break-even point.

(or)

- b) The following information was obtained from a company in a certain year Sales Rs.1,00,000; Variable Costs Rs.60,000 and Fixed Costs Rs.30,000. Find the Profit Volume Ratio, Break-even point, Margin of safety and Margin of Safety ratio.

### SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

11. a) M/s. Indhu Industries Ltd., are the manufactures of moonlight Torches. The following data relate to manufacture of torches during the month of March 1991.

Raw materials consumed	Rs.20,000
Direct Wages	Rs. 12,000
Machine hours worked	9,500 hours
Machine hour rate	Rs.2
Office overheads	20% of works cost
Selling overheads	50 paise per unit
Units produced	20,000 units
Units sold	18,000 @ Rs.5 per unit

Prepare cost sheet showing the cost and the profit per unit and the total profit.

(or)

Cont...

b) From the following information prepare a cost sheet for the month of January 2000.

	Rs.
Stock of raw materials on 1 <sup>st</sup> January	25,000
Stock of raw materials on 31 <sup>st</sup> January	26,200
Purchase of raw materials	21,900
Carriage on purchases	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non- productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling overheads	4,200

12. a) From the following information Calculate:

(A) Maximum stock level

(B) Minimum stock level

(C) Reorder level

(D) Average stock level

Minimum consumption - 240 units per day

Maximum consumption - 420 units per day

Normal consumption - 300 units per day

Reorder quantity - 3,600 units per day

Reorder period - 10 to 15 days

Normal reorders period - 12 days

(or)

b) Sun Ltd., buys its annual requirements of 72, 000 units in 12 installments. Each unit cost Rs.2 and the ordering cost is Rs.25. The inventory carrying cost is estimated at 20 per cent of unit value. Find out the total annual cost of the present inventory policy. How much savings can be affected if E.O.Q is adopted?

13. a) From the following particulars, you are required to prepare a statement of labour cost showing the cost per day of 8 hours.

a) Monthly salary Rs.200

b) Leave salary 5% of salary

c) Employer's contribution to Provident Fund 8% of a and b

d) Employer's contribution to State Insurance 2.5 of a and b

e) Pro-data expenditure on amenities to Labour Rs.17.95 per head, per month.

f) No of Working hours in a month 200

(or)

b) From the following data given by the Personnel Department, Calculate labour Turnover rate by applying:

a) Separation Method

b) Replacement Method

c) Flux Method

No of workers on the payroll:

At the beginning of the month: 900

At the end of the month: 1,100.

During the month, 10 workers left, 40 persons were discharged and 150 workers are recruited. Of these 25 workers are recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme.

14. a) Sriram construction Ltd., undertook a contract for a total value of Rs.12 Lakhs. The contract was expected to be completely by 31<sup>st</sup> Jan 2010. Prepare a contract account for the year ended 31<sup>st</sup> December 2009 from the following:

	Rs.
Materials	1,50,000
Wages	3,00,000
Materials at site on 31.12.2009	20,000
Special Plant	1,00,000
Overheads	60,000
Work certified	8,00,000

Depreciation at 10% is to be provided on plant.

Cash received is 80% of work certified 5% of the value of materials issued and 6% of wages have been incurred for the portion of work completed but not yet certified. Overheads are charged as a percentage of direct wages.

(or)

- b) From the following information, prepare process account and normal loss account

Input of Raw Materials	2000 units@ Rs.6 p.u
Direct Materials	Rs.10,400
Direct Wages	Rs.10,000
Production overheads	Rs.6,000
Actual output to Process II	1900 units
Normal Loss	5%
Value of Scrap p.u	Rs.4

15. a) The cost information computed by the cost accountant is as follows :

Sales = 1,00,000 units

Selling Price = Rs. 10 per unit

Variable cost or out of pocket-costs = Rs. 6 per unit

Fixed costs or burden = Rs. 60,000 per annum

Compute the following

- Break even points in units and value
- Make a profit of Rs. 40,000
- Make a profit of Rs. 2 per unit
- Make a profit of 30% on sales

(or)

- b) Explain the advantages and disadvantages of activity based costing.

Z-Z-Z      END