

Rajiv Gandhi University of Health Sciences, Karnataka
IV Semester Bachelors in Hospital Administration Degree Examination - 31-Oct-2025

Time: Three Hours

Max. Marks: 80

COST ACCOUNTING IN HEALTHCARE - (RS)

Q.P. CODE: 3244

(QP contains two pages)

Your answers should be specific to the questions asked

Draw neat, labeled diagrams wherever necessary

LONG ESSAYS (Answer any Two)

2 x 10 = 20 Marks

1. The net profit for the year ended 31st March 2022 was Rs.6,24,000 as shown by financial books. The same does not tally with the net profit as per cost books. The following observations were made:
- a) Interest on investment Rs.43,000 entered only in pass book
 - b) Loss due to depreciation in stock value charged in financial accounts only Rs.23,000
 - c) Works overhead under-recovered in cost accounts Rs.12,500
 - d) Bank interest and dividend received Rs.4,600 not entered in the cash book
 - e) Loss charged in financial accounts Rs.28,600
 - f) Depreciation charged in financial accounts Rs.35,850
 - g) Depreciation as per cost accounts Rs.48,000
 - h) Income tax paid Rs.1,52,400
 - i) Administrative overhead over-recovered in cost accounts Rs.4,800

Prepare a reconciliation statement and calculate profit as per the cost accounts

2. A company has three production departments and two service departments. Distribution summary of overheads is as follow

Production department	Service department
A – Rs.3000 B - Rs.2000 C - Rs.1000	Rs. 234 Rs.300

The expenses of service department on a percentage basis which is as follows:

	A	B	C	1	2
1	20%	40%	30%	-	10%
2	40%	20%	20%	20%	-

Find out the total overheads of production departments using the following methods

- a) Simultaneous equation method
 - b) Repeated distribution method
3. Write a note on pricing of material issues. What are the different methods of pricing of materials?

SHORT ESSAYS (Answer any Eight)

8 x 5 = 40 Marks

4. Find EOQ
Monthly consumption – 250 units
Cost of placing and receiving 1 order – Rs.30

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Price per unit – Rs.5

Storage and carrying cost – 10% of inventory value

5. The following details are taken from the books of Mangala company

Normal wage rate per hour – Rs.8

Wage rate per unit of output – Rs.6

Standard output per hour – 2 units

In a week of 40 hours, units produced by 3 workers A, B and C were 50, 80, 120 respectively. Calculate the earnings of each worker under Taylor's differential piece rate

Differential to be applied:

- 80% of the piece rate below standard
- 120% of the piece rate at or above standard

6. Prepare stores ledger under FIFO method

01-09-2022 – Opening balance 250 units at Rs.1 per unit

03-09-2022 – Issued 50 units MR No.61

06-09-2022 – Received 800 units at Rs.1.10 per unit, GR No.13

07-09-2022 – Issued 300 unit, MR No.63

08-09-2022 – Returned to stores 20 units issued out of MR No.61

12-09-2022 – Received 300 units at Rs.1.20 per unit, GR No.15

15-09-2022 – Issued 320 units MR No.83

7. Explain the limitations of budgetary control
8. Explain methods of timekeeping and time booking in detail
9. State the limitations of marginal costing
10. The accounts of a machine manufacturing company disclose the following information for the six months ending 31st Dec 2020

Particulars	Amount (Rs.)
Purchase of raw materials	6000
Direct wages	5000
Rent, rates and insurance	2000
Carriage inwards	100
Stock (1-1-2020) Raw materials	1000
Finished product 200 tonnes	
Stock (31-12-2020) Raw materials	1100
finished product 400 tonnes	
Cost of factory supervision	400
Sale of finished products	15000

Advertising and selling cost is 40 paise per tonne sold. 3,000 tonnes of the commodity were sold during the year. Prepare cost sheet

11. Write a note on Merrick's differential piece rate system of wage payment
12. Discuss briefly the different methods of absorption of overheads
13. Explain elements of cost and different types of overheads

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SHORT ANSWERS (Answer any ten)

10 x 2 = 20 Marks

14. Meaning of Cost Unit and Cost Center
15. Give the meaning of overhead and overhead cost control
16. State the advantages of budgetary control
17. Write a note on under-absorption and over-absorption of overheads
18. Differences between budgeting and standard costing
19. Note on ABC analysis of inventory control
20. Define Service costing
21. Meaning of economic order quantity
22. Distinguish between direct and indirect labour
23. Meaning of absorption of overheads
24. Meaning of Idle time and Over time
25. Differences between maximum stock level and minimum stock level
