

Register Number:

Date: / /2022

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.Com IFA – II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

**(Exam conducted in July-August 2022)**

**BC IFA 2119: Cost Accounting**

Time- 2 ½ hrs Max Marks-70

**This paper contains 3 printed pages and four parts**

**Section A**

I Answer ***any five*** of the following (**2 x 5 = 10 marks)**

1. What is cost centre?
2. Distinguish between fixed cost and variable cost.
3. About 50 items are required every day for a machine. A fixed cost of Rs 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Rs 0.02 per day. Calculate EOQ.
4. What is abnormal loss?
5. What are the uses of budgets?
6. What is balanced score card?

 **Section B**

II Answer ***any three*** of the following (**5 x 3 = 15 marks)**

1. In a company weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of Material A.
2. Fifty units are introduced into a process at a cost of Rs. 50. The total additional expenditure incurred by the process is Rs. 30. Of the units introduced 10 per cent are normally spoilt in the course of manufacture; these possess a scrap value of Re. 0.25 each. Owing to an accident only 40 units are produced. You are required to prepare a process account
3. A manufacturing company disclosed a net profit of Rs 1,45,500 as per their cost accounts for the year ended 31 March 2018. From the following information prepare a reconciliation statement:-

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Works overhead under-recovered | 9,500 |
| Administrative overheads under-recovered | 22,750 |
| Selling overheads over –recovered | 19,500 |
| Over valuation of opening stock in cost accounts | 15,000 |
| Over valuation of closing stock in cost accounts | 7,500 |
| Interest earned during the year | 3,750 |
| Rent received during the year | 27,000 |
| Bad debts written off during the year | 9,000 |
| Preliminary expenses written off during the year | 18,000 |

1. Explain building block model in detail.

**Section C**

III Answer ***any two*** of the following (**15 x 2 = 30 marks)**

1. What is cost? Explain its various types.
2. A firm has three production departments A, B and C and two service departments X and Y. The following figures are extracted from the books of the firm.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount** | **Particulars** | **Amount** |
| Depreciation | 4,000 | Canteen expenses | 10,800 |
| Lighting  | 240 | General overheads | 12,000 |
| Time -keeping | 5,000 | Rent | 2,000 |
| Power | 1,100 | Stores overhead | 800 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **A** | **B** | **C** | **X** | **Y** |
| Value of machinery | 12,000 | 16,000 | 20,000 | 1,000 | 1,000 |
| Light points | 20 | 30 | 40 | 20 | 10 |
| Floor space | 400 | 500 | 600 | 400 | 100 |
| H. P of machines | 75 | 30 | 25 | 10 | - |
| Direct Materials | 15,000 | 30,000 | 30,000 | 22,000 | 22,000 |
| Direct wages | 30,000 | 45,000 | 50,000 | 15,000 | 25,000 |
| No of workers | 1,500 | 2,250 | 2,220 | 700 | 700 |

The expenses of service departments X and Y are to be allocated as follows: -

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | A | B | C | X | Y |
| X | 20% | 30% | 40% |  - | 10% |
| Y | 40% | 20% | 20% | 20% | - |

Show how the expenses of the two service departments are to be charged to production departments under Simlutaneous Equation method.

1. The expenses for the production of 500 units in a factory are given below:

|  |  |
| --- | --- |
| Particulars | Per unit (RS) |
| Materials | 80 |
| Labour | 60 |
| Variable O/H (Factory) | 15 |
| Fixed factory O/H (5000) | 10 |
| Administrative expenses (20% variable) | 10 |
| Selling 7 distribution expenses (50% fixed) | 10 |
| Total per unit | 185 |

You are required to prepare a flexible budget for 600 units.

**Section D**

**IV. Answer the following (15 marks)**

1. Prepare a stores ledger account from the following information adopting First-In- First-Out Method of pricing of issues of materials:

|  |  |
| --- | --- |
| **Date** | **Particulars** |
| March 1 | Opening balance 500 tonnes @ Rs 200  |
| March 3 | Issue 70 tonnes |
| March 4 | Issue 100 tonnes |
| March 8 | Issue 80 tonnes |
| March 13 | Received from supplier 200 tonnes @ Rs 190 |
| March 14 | Returned from Department A 15 tonnes @ Rs 200 |
| March 16 | Issue 180 tonnes |
| March 20 | Received from supplier 240 tonnes @ Rs 195 |
| March 22 | Transferred from job no 10 to job no 15 - 10 units previously issued at Rs. 20/unit |
| March 24 | Issue 300 tonnes |
| March 25 | Purchased 320 tonnes @ Rs 200 |
| March 26 | Issue 115 tonnes |
| March 27 | Returned from Department B 35 tonnes @ Rs 200 |
| March 28 | Received from supplier 100 tonnes @ Rs 210 |

On 31st March it showed an excess of 5 tonnes. You are required to prepare stores ledger.

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