|  |  |  |  |
| --- | --- | --- | --- |
| **Description: col LOGO outlineST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**  Register Number:  Date: | | | |
| **B.COM - IV SEMESTER** | | | |
| **END SEMESTER EXAMINATION: APRIL 2018**  **BC4116: Cost Accounting** | | | |
| **Time- 2.1/2 hrs** |  | **Max Marks-70** |  |

**This paper contains \_\_\_printed pages and four parts**

**SECTION A**

1. **Answer any five the following questions: 5x2=10**
2. Define cost accounting.
3. What is a Cost unit? Give two examples.
4. Differentiate between a Bin card and a stores ledger account?
5. What is perpetual inventory system?
6. What is idle time? State any two causes of idle time.
7. How are Overheads classified according to functions?
8. State any two items which are included in financial accounts but not in cost accounts.

**SECTION B**

1. **Answer any three of the following questions: 3x5=15**
2. Explain in brief the purchase procedure.
3. From the following particulars prepare a cost sheet showing: (a) Cost per unit (b) Profits for the period April 2017.

Rs.

Raw materials consumed 2,000

Direct wages 1,200

Machine hour worked 950

Office overheads 10% on works cost

Selling overhead 0.06 paisa per uint

Machine hour rate Re. 0.20

Units produced 20,000

Units sold 18,000 units @ 0.30 paisa per unit

1. A manufacturing company disclosed a net loss of R.3,47,000 as per their cost accounts for the year ended 31st March 2016. Prepare a statement to reconcile the cost and financial accounts.

Rs.

Factory overheads under absorbed 40,000

Administration overheads over absorbed 60,000

Depreciation charged in Financial accounts 3, 25,000

Depreciation recovered in cost accounts 2, 75,000

Interest on investments not included in cost accounts 96,000

Income tax provided 54,000

Interest on loan (in financial accounts) 2, 45,000

Transfer fee credited in financial accounts 24,000

Stores adjustments credited in financial accounts 14,000

Dividend received 32,000

1. A worker produced 200 units in a week’s time. The guaranteed weekly wage payment for 45 hours is Rs.81. the expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be earnings per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes?
2. A machine is purchased for cash at Rs.9,200. Its working life is estimated to be 18,000 hours after which its scrap value is estimated at Rs.200. it is assumed from past experience that:
3. The machine will work for 1,800 hours annually.
4. The repair charges will be Rs.1,080 during the whole period of life of the machine.
5. The power consumption will be 5 units per hour at 6 paise per unit.
6. Other annual charges are estimated to be:
7. Rent of the department Rs.780 (machine occupies 1/5th of total space).
8. Light Rs.288 (12 points in the department-2 points engaged in the machine).
9. Foreman’s salary Rs.6000 (1/4th of his time is occupied in the machine).
10. Insurance premium Rs.36 (fire) for machinery.
11. Cotton wasteRs.60

Find out the machine hour rate on the basis of the above data for allocation of the works expenses to all jobs for which the machine is used.

**SECTION C**

1. **Answer any three of the following: 3x10=30**

13. Distinguish between time keeping and time booking. Explain the methods of time keeping.

14. Bharat Engineering works has three Production departments A, B and C and one Service department S. From the under mentioned particulars calculate labor hour rate for each of production departments:

Rs.

Rent 36,000

Power 8,250

Indirect wages 5,200

Depreciation and machinery 22,000

Electricity 5,600

Canteen expenses 6,500

Additional information:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | A | B | C | S |
| Light points (Nos.) | 7 | 7 | 9 | 5 |
| Floor space (sq. mts.) | 300 | 250 | 400 | 200 |
| Horse power of machine (HP) | 65 | 30 | 30 | 40 |
| No. of workers(Nos.) | 2 | 3 | 6 | 2 |
| Direct wages (Rs.) | 12,000 | 14,000 | 18,600 | 8,000 |
| Cost of machine (Rs.) | 50,000 | 60,000 | 80,000 | 10,000 |

Working days: 200 days of 8 hours each. Service rendered by Service department S to Production departments a,B,C is 30%, 20% and 50% respectively.

15. The following transactions have been extracted from the financial books of a company:

Rs.

Sales (20,000 units) 2,50,000

Materials 1,00,000

Wages 50,000

Factory overheads 45,000

Office and administration overheads 26,000

Selling and distribution overheads 18,000

Closing stock:

Finished goods (1,230 units) 15,000

Work in progress:

Materials 3,000

Wages 2,000

Factory overheads 2,000

7,000

Goodwill written off 20,000

Interest on capital 2,000

In costing books factory overhead is charged at 100% on wages, Administration overheads at 10% of factory cost and selling and distribution overheads at Re.1 per unit. Prepare a statement reconciling the profit as per cost and financial accounts.

16. The following are the details supplied by J.K corporation in respect of its raw materials for the month of Dec 2017:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Receipts | | Issues |
| Date | Units | Price per unit | Units |
| 1.12.2017 | 2,000 (opening) | Rs.5.00 | - |
| 7.12.2017 | 1,000 | Rs.6.00 | - |
| 10.12.2017 | - | - | 2,500 |
| 15.12.2017 | 2,000 | Rs.6.50 | - |
| 31.12.2017 | - | - | 2,200 |

On 31.12.2017 a shortage of 100 units was found. Find the values of issues and resulting stocks on different dates using i) FIFO, ii) Simple average methods

17. From the details given below, calculate: i) Re-ordering level, ii) Maximum level, iii) Minimum level

Re-ordering quantity is to be calculated on the basis of following information.

Cost of placing a purchase order is Rs.20, number of units to be purchased during the year is Rs.5,000. Price per unit is Rs.50. Annual cost of the storage per unit is Rs.5.

Details of lead time: Average 10 days, maximum 15 days, minimum 6 days.

Rate of consumption: Minimum 10 units per day, Maximum 20 units per day.

**SECTION D**

1. **Answer the following question: 1x15=15**

18. A company furnishes you with the following information about its 100 TV sets manufactured and sold during the year:

Materials- Rs.90,000, Direct wages- Rs.50,000, Power and stores- Rs.12,000, Factory indirect wages-Rs.15,000, Factory lighting- Rs.6,000, Cost of rectifying defective work- Rs.3,000, Office administration expenses- Rs.34,000, Selling and distribution expenses- Rs.6,000, Sale of scrap- Rs.2,000, Sale of 100 TV sets Rs.3,10,000. Repairs and depreciation of machinery- Rs.10,000.

Prepare Cost sheet for the above year, showing the elements of cost per unit. Prepare also the estimated cost sheet for the next year assuming that:

1. Material cost and direct wages cost will increase by 10% and 5% respectively.
2. Factory overhead will be recovered as a percentage of direct wages, as last year.
3. Office overhead and selling overhead will be recovered as a percentage of works cost, as last year and
4. 150 sets will be produced and sold Rs.3, 300 each in the next year.