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

**B.COM – IV SEMISTER**

**END SEMISTER EXAMINATION: APRIL-2017**

**BC 4115 – Cost Accounting**

**This question paper has three printed pages**

**Section A**

I. Answer the following 5x2=10marks

1. Name any two objectives of cost accounting.
2. What is idle time? Give example?
3. What is meant by piece rate system? Give example.
4. XP ltd required 1,000 units of material X on an average for a week which is purchased at a price of Rs. 30 per unit. The ordering cost is Rs. 150 per purchase order and inventory carrying cost per unit amounted to Rs. 0.06 per week. The re-order period is 1 to 3 weeks and the weekly usage of material X varies from 750 to 1,250 units. Compute EOQ.
5. Mention any two items that are excluded from Cost sheet.

**Section B**

II. Answer any **THREE** of the following 3x5=15marks

1. Calculate the earnings of workers A and B under Merrick’s multiple piece rate system from the following particulars:

Normal rate per hour – Rs. 1.80

Standard time per unit – 1 minute

Output per day is Worker A: 384 units, Worker B – 450 units.

1. Enumerate reasons for the differences in the profits of cost accounting and financial accounting.
2. From the following information, prepare a cost sheet and calculate cost and profit per unit of production:
   1. Weight of finished goods- 2432 kgs.
   2. Wages- Rs. 5,120.
   3. Factory overheads – 60% of wages.
   4. Office overheads- 25% of factory cost.
   5. Cost of raw materials Rs.3 per kg.
   6. Sales- Rs. 29,760.
   7. There is no opening and closing stock of either Raw Material or work in progress.

BC-4115-C-17

1. In manufacturing its products, a company uses three raw materials A, B and C in respect of which the following applies:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Raw materials | Usage per unit of product  Kg | Re-order qty  Kg | Price per kg  (Paisa) | Delivery period  (weeks) | Order level  Kg | Minimum level  Kg |
| A | 10 | 10,000 | 10 | 1 to 3 | 8,000 | - |
| B | 4 | 5,000 | 30 | 3 to 5 | 4,750 | - |
| C | 6 | 10,000 | 15 | 2 to 4 | - | 2.000 |

Weekly production varies from 175 to 225 units, averaging 200 units. What would you expect the quantities of the following to be?

1. Minimum stock of A
   1. Maximum stock of B
   2. Re-order level of C
   3. Average stock level of A.

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1. Work out the Machine Hour Rate for the following whose scrap value is NIL

Cost of machine 1,90,000

Freight and installation charges 10,000

Working Life 5 years

Repairs and maintenance 40% of depreciation

Annual power expenses @ 25 paise per unit Rs. 6000

Eight hours day charges:

Power 24

Lubrication oil 20

Consumables stores 28

Wages 80

**Section C**

III. Answer any **THREE** of the following 3x10=30 marks

1. A factory uses job costing. The following data are obtained from its books for the year ended 31st December 2015.

Direct materials Rs 90,000.

Selling & Distribution overheads Rs 52,500.

Direct wages Rs 75,000.

Administration overheads Rs 42,000.

Factory overheads Rs 45,000.

Profit Rs 60,900.

1. Prepare a cost sheet indicating the Prime cost, Works cost, Production cost, Cost of sales and the sales value.
2. In 2016, the factory received an order for a number of jobs. It is estimated that direct materials required will be Rs 1, 20,000 and direct labour will cost Rs 75,000. What should be the price for these jobs, if factory intends to earn the same rate of profit on sales assuming that the selling and distribution overheads have gone up by 15%. The factory recovers factory overheads as a percentage of direct wages and administration, selling and distribution overheads as a percentage of works cost, based on cost rates prevailing in the previous year.
3. The net profits of a manufacturing company appeared at Rs74500 as per financial records for the ended 31st March, 2016. The cost books however showed a net profit of Rs 88,460 for the same period. A careful scrutiny of the figures from both the sets of accounts revealed the following facts:
   1. Income tax provided in financial books 10,000
   2. Bank interest credited in financial books 250
   3. Works overhead under-recovered in cost books 1550
   4. Depreciation charged in financial books 5600
   5. Administration overheads over recovered 850
   6. Loss due to obsolescence charged in financial accounts 2800
   7. Interest on investments not included in cost accounts 4000
   8. Stores adjustments(credited in financial books) 240
   9. Loss due to depreciation in stock values charged in financial books 3350

You are required to prepare

A). the reconciliation statement

B). A Memorandum reconciliation account.

1. Show the ledger entries as they would appear in simple average of stock method for the month of April

**Receipts**

Date Quantity Rate

4th 200 k.g 10 per k.g

18th 300 k.g 12 per k.g

22nd 100 k.g 16 per k.g

**Issue**

6th 100 k.g

20th 200 k.g

25th 200 k.g

1. A job can be executed either through workmen A or B. A takes 32 hours to complete the job while B finishes it in 30 hours. The standard time to finish the job is 40 hours. The hourly wage rate is same for both the workers. In addition workmen A is entitled to receive bonus according to Halsey plan while B is paid bonus as per Rowan plan. The works overheads are absorbed on the job at Rs. 7.50 per labor hour worked. The factory cost of the job comes to Rs. 2,600 irrespective of the workmen engaged. Find out the hourly wage rate and cost of raw materials input. Also show a statement of factory cost.

**Section D – COMPULSORY** 1x15 =15 marks

IV. 16. The following were the receipts and issues of material “Z” during January 16.

|  |  |
| --- | --- |
| **Date** | **Particulars** |
| 1 | Opening balance 1,100 units @ Rs. 60/unit |
| 3 | Issue 140 units |
| 4 | Issue 250 units |
| 8 | Issue 210 units |
| 13 | Received from vendor 400 units @ Rs. 59/unit |
| 14 | Refund of surplus from a work order 30 units @ Rs. 58/unit |
| 16 | Issue 350 units |
| 20 | Received from vendor 480 units @ Rs. 62/unit |
| 24 | Issue 608 units |
| 25 | Received from vendor 640 units @ Rs. 60/unit |
| 26 | Issue 524 units |
| 28 | Refund of surplus from a work order 24 units (issued on 3rd jan 2016) |
| 30 | Received from vendor 150 units @ Rs. 64/unit |

Stock verification on 18th January revealed a shortage of 10 units, on 31st January showed an excess of 5 units. Prepare stores ledger under FIFO, LIFO weighted average method.