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

B.COM –IV SEMESTER

SEMESTER EXAMINATION - OCTOBER 2019

**BC 4116: Cost Accounting - I**

**Time: 2 ½ hrs                                                                   Maximum marks: 70**

**Supplementary candidates only**

**Attach the question paper to the answer booklet**

*This question paper has 4 printed pages and 4 parts.*

**SECTION – A**

**Answer ANY 5 questions. Each question carries 2 marks. [2x5=10 marks]**

1. What is a cost centre? Give an example.
2. Calculate EOQ where annual consumption is 1,00,000 units, ordering cost is Rs. 100 and carrying cost is 20% of the cost of material. Total annual cost of consumption is Rs. 2,50,000.
3. Mention the basis of apportionment for rent & rates, supervision, lighting and depreciation of machinery.
4. Write down any TWO differences between Fixed and Variable Overheads.
5. What is a Muster roll?
6. Discuss any TWO reasons for difference in profit or loss of cost and financial accounting systems.
7. Calculate the wages for worker X and Y from the information given by Merrick’s Piece Rate method. Standard output of the worker per week is 45 units. Normal piece rate is Rs. 8 per unit. Output of X is 35 units and Y is 42 units.

**SECTION – B**

**Answer ANY 3 questions. Each question carries 5 marks. [3x5=15 marks]**

1. Discuss the differences between Cost accounting and financial accounting.
2. The particulars of a component of material used in a factory are given below:

|  |
| --- |
| Minimum Usage 100 units per week |
| Maximum Usage 300 units per week |
| Re - order Quantity 600 units |
| Delivery period 4 – 6 weeks |

 Calculate Minimum, Maximum and Re-order Level.

1. The net profit shown by the financial accounts of a manufacturing company for the year ended 31st March, 2016 is Rs. 1,22,500. The profit disclosed by the costing profit and loss account for the year is Rs. 1,05,000. The reasons for the difference in profit are stated as follows:

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |
| Factory overhead over-recovered | 7,500 |
| Administration overhead under-recovered  | 4,500 |
| Selling & Distribution overhead under-recovered | 6,000 |
| Profit on sale of fixed assets | 14,500 |
| Provision for income tax in financial account | 10,000 |
| Bank interest | 12,000 |
| Depreciation charged to financial account | 15,000 |
| Depreciation recovered in cost account | 12,500 |
| Under-valuation of closing stock in cost account | 6,500 |

 Prepare a Reconciliation Statement and verify the result.

1. Calculate machine hour rate for from the following data.

|  |  |
| --- | --- |
| Cost of Machine | Rs. 2,00,000 |
| Other Charges (Freight & Installation) | Rs. 30,000 |
| Working life | 12 years |
| Working Hour | 2,400 per year |
| Scrap Value | Rs. 5,000 |
| Electric Power | 5 units per hour @ Rs. 1.50 per hour |
| Steam | 30 paisa per hour |
| Water | 10 paisa per hour |
| Repairs | 20 % of the depreciation |
| Rent per annum | Rs. 12,000 |
| Lubricating Oil and Consumable Stores | @ 16 per day of 8 hours per day |
| Wages of Machine Operator  | @ Rs. 32 per day |

1. What is Labour turnover? Explain the causes of Labour turnover.

**SECTION – C**

**Answer ANY 3 questions. Each question carries 10 marks. [3x10=30 marks]**

1. In Makewell Co. Ltd. it was found out that there is a shortage of 60 units of material on 29th March, 2017 Prepare stores ledger account on the basis of FIFO Method of pricing issue of material from the following particulars.

|  |  |
| --- | --- |
| March 1st | Balance 200 units at Rs. 15 per unit. |
| March 5th | Received 400 units at Rs. 18 per unit. |
| March 10th | Issued 300 units. |
| March 15th | Issued 200 units. |
| March 16th | Received back from production centre 50 units (Issued on 10th March). |
| March 18th | Received 500 units at Rs. 20 per unit. |
| March 20th | Returned to vendor 100 units (Purchased on 5th March). |
| March 25th | Issued 200 units. |
| March 30th | Issued 150 units. |

1. The following particulars are relating to a manufacturing company for the year ended 31st March, 2016. Prepare Memorandum Reconciliation Account.

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |
| Profit as per Cost Records | 72,750 |
| Profit as per Financial Records | 86,800 |
| Over-absorption of factory overhead | 7,200 |
| Under-absorption of administration overhead | 4,750 |
| Over-absorption of selling & distribution overhead | 3,250 |
| Over-valuation of opening stock in cost records | 1,750 |
| Over-valuation of closing stock in cost records | 2,350 |
| Over-charging of depreciation in financial account | 2,750 |
| Goodwill written-off in financial account | 3,200 |
| Dividend received  | 10,000 |
| Interest on capital charged only in cost account | 7,500 |
| Transfer fees charged in financial account | 1,750 |
| Preliminary expenses written off in financial account | 850 |

1. In a factory, the standard time allowed for producing 25 units of a product is 1 hour. The hourly rate is Rs. 11. Workers A, B and C produced 275 units, 200 units and 325 units respectively in a day. Calculate
* Wages for each worker on that day and
* Effective rate of earnings per hour for each worker under:

(a) Halsey Premium Bonus plan,

(b) Rowan Premium Bonus plan and

(c) Straight piece rate system.

1. Prepare a cost statement for the month of August and September 2016 which have 5,500 units and 6,000 units respectively as the output. There is no opening stock or closing stock of finished goods.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **August** | **September** |
| Direct Material | 12.50 | +15% |
| Direct Wages | Rs. 50 per unit | Rs. 50 per unit |
| Direct Wages | 5 per unit | +20% |
| Factory Overhead | 12% of Direct Wages | -15% |
| Office & Administration Overhead | 15% of Factory Cost | +10% |
| Selling & Distribution Overhead | 5% of Cost of Production | +12% |
| Profit | 20% of Selling Price | 20% of Selling Price |

1. A machine is purchased for cash at Rs. 9,200. Its working life is estimated to be Rs. 18,000 hours after which its scrap value is estimated at Rs. 200. It is assumed from past experiences that:
2. The machine will work for 1,800 hours annually.
3. The repair charges will be Rs. 1,080 during the whole period of life of the machine.
4. The power consumption will be 5 units per hour at 6 paise per unit.
5. Other annual standing charges are estimated to be;
* Rent of department (machine occupies 1/5th of total space) Rs. 780
* Light (12 points in the department – 2 points engaged in the machine) Rs. 288
* Foreman’s salary (1/4th of his time is occupied in the machine) Rs. 6,000
* Insurance premium (fire) for machinery Rs. 36
* Cotton waste Rs. 60.

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

**SECTION – D**

**Compulsory question [15x1=marks]**

18)(a)The following information are provided by a manufacturing company for the month of January 2016 with respect to the purchase and issue of materials.

|  |  |
| --- | --- |
| Jan. 1st | Balance of material 500 units at Rs. 20 per unit. |
| Jan 4th | Purchased 400 units at Rs. 25 per unit. |
| Jan 5th | Issued 600 units. |
| Jan 7th | Purchased 500 units at Rs. 22 per unit. |
| Jan. 10th | Issued 400 units. |
| Jan. 18th | Purchased 300 units at Rs. 26 per unit. |
| Jan. 25th | Issued 500 units. |
| Jan. 28th | Purchased 500 units at Rs. 30 per unit. |
| Jan 30th | Issued 600 units. |

Prepare Stores Ledger Account on the basis of Weighted Average Price Method of charging the issue price. **[7.5 Marks]**

(b)The following expenses were incurred in common relating to service departments A and B and production department X and Y.

Depreciation Rs. 1,90,000; Rent and taxes Rs. 36,000; Insurance Rs. 15,200; Power Rs. 20,000; Canteen Expenses Rs. 10,800 and Electricity Rs. 4,800.

The following constitute additional information:

|  |  |  |
| --- | --- | --- |
| **Items** | **Service Departments** | **Production Departments** |
|  | **A** | **B** | **X** | **Y** |
| Floor Space (sq. mts.) | 1,000 | 2,000 | 5,000 | 4,000 |
| Assets (Rs. Lakhs) | 3 | 1 | 10 | 5 |
| Horse Power | 400 | 100 | 1,000 | 500 |
| Number of workers | 50 | 25 | 100 | 50 |
| Light & Fan Points | 20 | 20 | 50 | 30 |

Apportion the overheads among the different departments. **[7.5 Marks]**

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