

Date:

Registration number:

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

BBA - III SEMESTER

SEMESTER EXAMINATION: OCTOBER 2021

(Examination conducted in January-March 2022)

**BBA 3119 – Cost Accounting**

Time- 2 ½ hrs Max Marks-70

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

**Section A**

I. Answer any five questions. Each question carries two marks (5x2=10)

1. Define Cost Accounting.
2. What is the difference between normal and abnormal cost?
3. State the meaning and any two reasons for abnormal idle time.
4. Expand JIT and give its meaning.
5. State the meaning of overhead cost.
6. Name any two reasons for difference in profits as per Financial and Cost Accounts.

**Section B**

II. Answer any three questions. Each question carries five marks (3x5=15)

7. A company uses 3000 units of material per month. Cost of placing an order is Rs. 200.The Cost per unit is Rs. 20. The reorder period is 4-8 weeks. The consumption of raw material is 100 units to 350 units whereas the average consumption is 275 units. The Carrying cost of inventory is 20% per annum. Calculate:

1. Re-order quantity

2. Re-order level.

3. Minimum Level

4. Maximum Level

8. A machine is purchased for cash at Rs. 18,400. Its working life is estimated to be 36,000 hours after which its scrap value is estimated at Rs. 400. It is assumed from the past experience that:

(i) The machine will work for 3,600 hours annually.

(ii) The repair charges will be Rs. 2,160 during the whole period of life of the machine.

(iii) The power consumption will be 10 units per hour at Re 0.10 per unit.

(iv) Other **annual** standing charges are estimated to be:

(a) Rent of department (1/5th for this machine) Rs. 1,560

(b) Light (24 points in the departments – 4 points engaged in the machine) Rs. 576

(c) Foreman’s salary 1/4th of his time is occupied in the machine Rs.12,000

(d) Insurance premium for machinery Rs. 72

(e) Cotton waste Rs. 120

Compute the machine hour rate on the basis of the above data.

9. There are five departments in a company A, B, C, are manufacturing departments and department X and Y provides the services. The actual costs for a period are as follows:

|  |  |
| --- | --- |
| **Expenses** | **Rs.** |
| Lighting Power | 100 |
| Amenities to Staff | 1,500 |
| Depreciation | 15,000 |
| General Overheads | 6,000 |
| Rent and Taxes | 275 |

The information available regarding various departments are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **A** | **B** | **C** | **X** | **Y** |
| Direct wages (Rs.) | 2,000 | 3,000 | 4,000 | 1,000 | 2,000 |
| Staff (Nos.) | 100 | 150 | 150 | 50 | 50 |
| Light Points (Nos.) | 10 | 16 | 4 | 6 | 4 |
| Asset Value (Rs.) | 60,000 | 40,000 | 30,000 | 10,000 | 10,000 |
| Area Occupied (Sq. Yds.) | 150 | 250 | 50 | 50 | 50 |

Calculate the cost apportioned to various departments.

10. Calculate the earnings of three workers under:

a. Taylors plan and b. Merricks plan

Standard Output per hour 6 units

Normal rate per hour Rs. 12.

Differential piece rates are-

a. Efficiency below standard 75%

b. Efficiency above standard 110%

In a day of 8 hrs. A produced 38 units, B- 45 Units, C- 60 Units.

**Section C**

III. Answer any two questions. Each question carries fifteen marks (2x15=30)

11. A factory has three production departments and two service departments. The following are the figures extracted from the books of accounts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Overheads | Production Department | | | Service Departments | |
| A | B | C | X | Y |
| 6,300 | 7,400 | 2,800 | 4,500 | 2,000 |

The company decided to charge the service department cost on the following percentages:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Production Department | | | Service Department | |
| A | B | C | X | Y |
| X | 40% | 30% | 20% | - | 10% |
| Y | 30% | 30% | 20% | 20% | - |

Prepare a statement showing the distribution of service department by using simultaneous equation and repeated distribution method.

12. During the year ended 31 March 2019, the cost books showed a profit of Rs. 1,03,900. From the following figures prepare a reconciliation statement and Memorandum reconciliation Account.

1. Opening stock overvalued in cost accounts Rs. 7,000

2. Closing stock undervalued in cost accounts Rs. 9,200

3. Factory overheads under-recovered in cost accounts Rs. 5,000

4. Administration expenses over-recovered in cost accounts Rs. 1,500

5. Selling and distribution expenses under-recovered cost accounts Rs. 3,300

6. Depreciation over-recovered in cost accounts Rs. 3,000

7. Interest on investment not included in cost accounts Rs. 10,000

8. Obsolescence loss relating to machineries charged in financial accounts Rs. 4,900

9. Income tax provided in financial accounts Rs. 50,000

10. Bank interest credited in financial accounts Rs. 3,000

11. Stores adjustments (debited in financial book) Rs. 1,500

13. Prepare a statement showing the pricing of issues, on the basis of

(a) Simple Average and

(b) Weighted Average methods from the following information pertaining to a Material

2019, March

1st Purchased 100 units at Rs. 10 each

2nd Purchased 200 units Rs. 10.2 each.

5th Issued 250 units to Job X

7th Purchased 200 units Rs. 10.50 each

10th Purchased 300 units Rs. 10.80 each

13th Issued 200 units to Job Y

18th Issued 200 units to Job Z

20th Purchased 100 units Rs. 11 each

25th Issued 150 units to Job K

**Section D**

IV. Answer the question given below the question carries fifteen marks. (1x15=15)

14. The following figures have been taken from the books of M Ltd. as on 31.12.2019

Stock of Raw Materials on 1.1.2019 Rs. 35,000

Stock of Raw Materials on 31.12.2019 Rs. 5,000

Purchase of Materials Rs. 50,000

Direct Wages Rs. 45,000

Factory Expenses Rs. 17,500

Office Expenses Rs. 10,000

Finished Stock on 1.1.2019 Rs. 15,000

Finished stock on 31.12.2019 Rs. 7,500

Sales Rs. 2,00,000

The Company manufactured 4000 units during the year 2019.

The company is required to quote the price for supply of 1000 units during the year 2020. The cost of material will increase by 15% and that of Direct wages by 10% in the year 2020. Prepare a statement showing the price to be quoted to give the same percentage of net profit on sales as was realized during 2019.