****

Register Number:

DATE:

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

**UG – IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

(Examination conducted in July- August 2022)

BC 4118/BPS 4118: Cost Accounting - I

Time- 2 ½ hours Max Marks-70 Marks

**This paper contains \_\_4\_\_\_\_ printed pages and four parts**

 **Section A**

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

1. Mention any two differences between Cost Accounting and Financial Accounting.
2. State any four material control techniques.
3. Define Labour Turnover. State the methods of calculating labour turnover.
4. Standard time allowed for a job is 30 hours at the rate of Rs.3.5 plus D.A at 50 paise per hour worked. Actual time taken by a worker is 18 hours. Calculate his earnings under Rowan Plan.
5. Differentiate between Allocation and Apportionment.
6. State any two objectives of reconciliation between cost and financial accounts.

**Section B**

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

1. Cisco Ltd manufactures a special product and the following particulars were collected for the year 2020-2021.

|  |  |
| --- | --- |
| Monthly demand | 12,500 units |
| Cost of placing an order | Rs. 450 |
| Re-order period | 4 to 8 weeks |
| Cost per unit | Rs. 80 |
| Carrying cost % p.a | 10% |
| Normal usage | 550 units per week |
| Minimum usage | 1. units per week
 |

BC 4118/BPS 4118-A-22

|  |  |
| --- | --- |
| Maximum usage | 800 units per week |

You are required to calculate the following:

a) Re-order quantity

b) Maximum stock level

c) Re-order level

1. Using Taylor’s differential Piece Rate System, calculate the earnings of workers from the following information. Normal rate per hour = Rs.12

Standard time per piece = 20 minutes

In a 9-hour-day, A produces 26 units and B produces 30 units. Differentials to be applied: 83% of piece rate for below standard and 175% of piece rate at or above standard.

1. The following particulars relate to handling machine treatments of a typical material type:
2. Cost of the machine Rs.50,000
3. Estimated life of the asset- 10 years
4. Scrap value – Rs. 5,000
5. Yearly working time (50 weeks of 44 hours each) – 2,200 hours
6. Machine maintenance – 500 hours p.a.
7. Setting up time estimated @ 7% of total productive time and is regarded as productive time.
8. Electricity is 20 units per hour @ 20 paisa per unit
9. Chemical required weekly – Rs. 25
10. Maintenance cost per year – Rs. 2,500
11. Two attendants control the operations of machine together with 6 other machines. Their combined weekly wages are Rs. 240
12. Departmental overhead allocated to this machine per annum – Rs. 5,500.

You are required to calculate the Machine hour rate.

1. Briefly explain the reasons for differences in profit and loss between cost and financial accounts.

**Section C**

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

1. a) Briefly explain the Classification of Costs with suitable examples.

b) Prepare a cost sheet from the following data relating to manufacturing of shoes:

|  |  |
| --- | --- |
| Number of Shoes manufactured during the month | 1000 units |
|  | Rs. |
| Direct material consumed | 20,000 |
| Direct Labour  | 8,000 |
| Indirect Labour in factory | 2,500 |
| Supervision costs in factory | 1,000 |
| Factory premises rent | 1,600 |
| Factory Lighting  | 600 |
| Oil for machines | 100 |
| Depreciation for machines | 500 |
| Office overheads | 8,000 |
| Office Salaries | 2,000 |
| Misc. Office expenses | 1,000 |
| Selling and distribution overheads | 6,000 |

A profit margin of 20% on the total cost of goods is expected on the sale of shoes.

1. The net profits of a manufacturing company appeared at Rs. 74500 as per financial records for the year ended 31st March, 2013 the cost books, however, showed a net profit of Rs. 88460 for the same period. A careful scrutiny of the figures from both the sets of accounts revealed the following facts:

 **Particulars Amount**

Income tax provided in financial books 10000

Bank interest credited in financial books 250

Works overhead under-recovered in cost books 1550

Depreciation charged in financial books 5600

Depreciation recovered in costing books 6000

Administrative overheads over-recovered 850

Loss due to obsolescence charged in financial accounts 2800

Interest on investments not included in cost accounts 2000

Stores adjustments (Credited in financial books) 240

Loss due to depreciation in stock values charged in

Financial books 3350

You are required to prepare (a) the Reconciliation Statement (b) Memorandum Reconciliation Account.

1. A firm has 3 production departments A, B and C and 2 service departments X and Y. The following figures are extracted from the books of the firm.

|  |  |  |  |
| --- | --- | --- | --- |
| Indirect wages | 800 | Depreciation | 5,000 |
| Lighting | 300 | Power  | 800 |
| Rent | 2,000 | Others | 4,500 |

Other particulars include:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | A | B | C | X | Y |
| Floor space (sq. feet) | 500 | 600 | 800 | 500 | 200 |
| Direct wages (Rs)  | 800 | 650 | 800 | 800 | 650 |
| Light points | 20 | 20 | 35 | 20 | 15 |
| H.P of machines | 75 | 30 | 25 | 10 | - |
| Value of Machinery (Rs) | 15,000 | 18,000 | 20,000 | 1,500 | 1,500 |
| Working hours | 3,200 | 2,000 | 2,350 | - | - |

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

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

 You are requested to distribute the service department expenses to the production department under,

1. Primary overhead distribution summary and,
2. Repeated distribution summary
3. Calculate the hourly rate of each production department.

**Section D**

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

1. The following transactions took place in respect of a certain material for the month of March 2022.

|  |  |  |
| --- | --- | --- |
| Date | Receipts | Issues |
|  | Qty | Rate (Rs) | Amt (Rs) | Qty | Rate (Rs) |
| Bal b/d | 3000 | 1.50 | - | - | - |
| Mar 2 | 4,000 | 1.525 | - | - | - |
| Mar 7 | - | - | - | 2,200 | - |
| Mar 10 | - | - | - | 1,600 | - |
| Mar 14 | - | - | - | 2,000 | - |
| Mar 15 | 4,800 | 1.6 | - | - | - |
| Mar 19 | - | - | - | 1,800 | - |
| Mar 21 | 10,000 | 1.625 | - | - | - |
| Mar 25 | - | - | - | 1,800 | - |
| Mar 29 | - | - | - | 4,800 | - |

Physical stock-taking on March 30, revealed a shortage of 100 units. You are required to:

1. Prepare Stores Ledger for the month of March using FIFO method and also give an explanation to the adjustments included.
2. Briefly explain any two advantages and disadvantages of using weighted average method of material pricing.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*