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

**B.COM - IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2019**

**BC 4116 / BPS 4116 - Cost Accounting / Cost & Management Accounting**

**Time- 2 1/2 hrs Max Marks-70**

**This paper contains four printed pages and four parts**

**SECTION-A**

**Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)**

1. Define Cost Accounting.
2. Find out the EOQ from the following:

Annual usage 8000 units, cost of material per unit is Rs 4, cost of placing an order is Rs 10, annual carrying cost of one unit is 16%.

1. State any 4 objectives of material control.
2. What is Labour turnover?
3. Give the meaning of piece rate system and state any 2 advantages
4. Write any four items which appear only in financial accounts.
5. State the basis of apportionment of the following:
i. Labour welfare expenses
ii. Motive power
iii. Insurance of plant
iv. Indirect wages

**SECTION- B**

**Answer any THREE of the following questions. Each question carries five marks. (3x5=15)**

1. What are the reasons for difference in profit or loss between cost and financial accounts?
2. From the following fi gures relating to two components X and Y, compute Reorder Level, Minimum Level, Maximum Level and Average Stock Level.

|  |  |  |
| --- | --- | --- |
| Particulars | Component X | Component Y |
| Maximum consumption per week | 75 units | 75 units |
| Average consumption per week | 50 units | 50 units |
| Minimum consumption per week | 25 units | 25 units |
| Reorder period | 4 to 6 weeks | 2 to 4 weeks |
| Reorder quantity | 400 units | 600 units |

1. **Calculate the Machine hour Rate from the following data:**

Cost of the Machine- Rs.2,10,000

Scrap value- Rs.10,000

Working life of the asset - 5 years

Repairs & maintenance- 40% of depreciation

Annual power expenses - Rs. 6,000.

|  |
| --- |
| Eight hourly day Charges |
| Power | Rs.24 |
| Consumable stores | Rs.28 |
| Lubricating Oil | Rs.20 |
| Wages | Rs.80 |

1. A company has three production departments, A, B and C and two service departments, P and Q. The following figures are available from the primary distribution summary.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Department** | **Dept A** | **Dept B** | **Dept C** | **Dept P** | **Dept Q** |
| From Primary Distribution (Rs.) | 3,150 | 3,700 | 1,400 | 2,250 | 1,000 |

The expenses of the service departments are to be apportioned on a percentage basis as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Department** | **Dept A** | **Dept B** | **Dept C** | **Dept P** | **Dept Q** |
| **P (%)** | 40 | 30 | 20 | ----- | 10 |
| **Q (%)** | 30 | 30 | 20 | 20 | ----- |

Prepare Secondary Distribution Summary as per the Simultaneous Equations Method.

1. Prepare a cost sheet showing the amount of profit from the following particulars.

**Opening Stock:**

1. Raw Materials 5,000
2. Finished goods 4,000

**Closing Stock:**

1. Raw materials 4,000
2. Finished goods 5,000

Raw materials purchased- 50,000

Wages paid to laborers- 20,000

Chargeable expenses- 2,000

Rent, rates & taxes- 5,000

Power- 2,000

Factory heating and lighting- 2,000

Factory insurance- 1,000

Experimental expenses- 500

Wastage of material- 200

Office management salaries- 4,000

Office printing and stationery- 200

Salaries of sales men- 2,000

Commission of travelling agents- 1,000

Sales- 1,00,0

**SECTION -C**

**Answer any Three of the following questions. Each question carries ten marks. (3x10=30)**

1. The following is the summary of the receipts and issues of material in a factory during December 2018. Prepare Store Ledger according to First in First out Method.

December 2018

1st-Opening balance 500 units @ Rs.25 per unit

3rd- Issue 70 units

4th- Issue 100 units

8th- Issue 80 units

13th-. Received from supplier 200 units @ Rs.24.50 per unit

14th- Returned to store 15 units @ Rs.24 per unit

16th- Issue 180 units.

20th- Received from supplier 240 units @ Rs.24.75 per unit

24th- Issue 304 units.

25th- Received from supplier 320 units @ Rs.24.50 per unit

26th- Issue 112 units

27th- Returned to store 12 units @ Rs.24.50 per unit

28th- Received from supplier 100 units @ Rs.25 per unit

It was revealed that on 15th there was a shortage of 5 units and another on 27th of 8 units.

1. During one week the workman X manufactured 200 articles. He receives wages for a guaranteed 44 hours week at the rate of Rs.15 per hour. The estimated time to produce one article is 15 minutes and under incentive scheme the time allowed is increased by 20%. Calculate his gross wages under each of the following methods of remuneration.

[a] Time rate system

[b] Piece rate with a guaranteed weekly wage

[c] Rowan premium bonus

[d] Halsey premium bonus, 50% to workman.

1. A company has two production departments and two service departments. The data relating to a period are as follows.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **Prod. Dept I** | **Prod. Dept II** | **Service Dept I** | **Service Dept II** |
| Direct Materials | 80,000 | 40,000 | 10,000 | 20,000 |
| Direct Wages | 95,000 | 50,000 | 20,000 | 10,000 |
| Overheads | 80,000 | 50,000 | 30,000 | 20,000 |
| Power requirement at normalcapacity operation (Kwh) | 20,000 | 35,000 | 12,500 | 17,500 |
| Actual power consumption (Kwh) | 13,000 | 23,000 | 10,250 | 10,000 |

The power requirements of these departments are met by a power generation plant. The said plant incurred an expenditure which is not included above, of Rs. 1, 21,875 out of which a sum of Rs. 84,375 was variable and the rest fixed.

After apportionment of power generation plant costs to the four departments, the service department overheads are to be redistributed on the following basis.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Departments** | **Prod. Dept I** | **Prod. Dept II** | **Service Dept I** | **Service Dept II** |
| Service Dept I (%) | 50% | 40% | -------------- | 10% |
| Service Dept II (%) | 60% | 20% | 20% | ------------- |

You are required to:

1. Apportion the power generation plant costs to the four departments
2. Reapportion service department cost to production departments
3. Bheema Enterprises have separate cost and financial records. The profit as per cost records arrived at Rs.1,72,000. The following information is available:
4. The firm received Rs.20,000 as dividend and paid Rs.30,000 as bank interest during the year.
5. A plant with a book value of Rs.40,000 was sold for Rs.20,000.
6. Cash discount allowed Rs.35,000.
7. The firm made a notional rent charges of Rs.12,000 in cost accounts in respect of its own premises.
8. The actual factory overheads incurred amounted to Rs.2,80,000 but only Rs.2,50,000 were recovered in cost accounts on the basis of percentage of direct wages.
9. Stock values are as follows:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Financial a/c** | **Cost a/c** |
| Opening stock of raw materials  | 22,000 | 24,000 |
| Opening stock of finished goods | 43,000 | 41,000 |
| Closing stock of raw materials | 35,000 | 40,000 |
| Opening stock of finished goods | 40,000 | 44,000 |

You are required to determine the profit as per financial accounts.

1. Differentiate between Financial accounting and Cost accounting

**SECTION -D**

1. **Answer the following compulsory question. The question carries fifteen marks. (1x15=15)**

Eco Scooters finds that the total cost of producing 100 Scooters in the year 2018 was Rs 30, 00,000 which were sold at Rs 33,000 each. The cost consisted of:

Materials-Rs 12,00,000.

 Direct Wages- Rs 13,50,000.

Factory overheads- Rs 2,70,000.

Office Overheads- Rs 1.41,000.

Distribution Overheads Rs 390 per Scooter.

**For the Year 2019 cost of manufacturing scooter is estimated as under**:

1. Each scooter will require materials of Rs 13,500 and labour of

Rs 13,500.

1. Factory overheads will bear the same relation to wages as in the previous period .
2. The percentage of office overhead on factory cost will be same as in the past.
3. There will be increase of Rs. 90 per scooter in Selling & Distribution overhead.

Prepare a statement showing the profit that the company would make per scooter if it increases the selling price of scooter by Rs. 3000.

\*\*\*\*\*\*\*End of the Question Paper\*\*\*\*\*\*\*\*\*