

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

IV SEMESTER BBA EXAMINATIONS - APRIL 2019

COST ACCOUNTING

Duration: 2.5 Hours

Max. Marks: 70

SECTION - A

I) Answer any TEN of the following questions. (10x3=30)

1. Define cost.
2. State any 6 items which are excluded from cost sheet.
3. Compute the economic order quantity (EOQ) for a company using batch costing from the following information:
Monthly demand for the component- 1500 units
Ordering cost - Rs 50 per order
Inventory carrying cost per month per unit Rs 0.60.
4. Why is an effective material control mechanism required in an organization?
5. Give the meaning of ABC Analysis.
6. What is overvaluation in Financial Accounting? Give 2 examples to support your answer.
7. What do you mean by controllable costs?
8. Define Prime cost. What are its components?
9. State 3 differences between Job costing and Batch Costing.
10. What is Memorandum Reconciliation Statement?
11. What is meant by 'overtime' and what steps should be taken to control 'overtime'?
12. Distinguish between 'Fixed Overheads' and 'Variable Overheads'.

SECTION - B

II) Answer any FOUR of the following questions. (4x5=20)

13. The following figures are taken from a cost accountant of a manufacturer for the month of March 2018. You are required to **prepare the statement of cost** showing the details of the expenses:

	Rs
Direct material	60,000
Direct wages	25,000
Factory overhead	5,000
Opening stock of work in progress	7,000
Closing stock of work in progress	3,000
Office and administration expenses	41,000
Opening stock of finished goods	20,000
Closing stock of finished goods	11,800

14. Two components A & B are used as follows:
 Normal consumption- 50 units per day
 Minimum usage- 25 units per day
 Maximum usage- 450 units per day
 ROQ- A- 400 units
 B- 600 units
 ROL- A- 2700 units
 B-1800 units
 Re order Period-A- 4-6 days
 B- 2-4 days
Calculate average stock level for both components.
15. A worker's wages for a guaranteed 44 hours a week is Rs 25 per hour. The estimated time to produce one unit is 30 minutes and under an incentive plan, the time allowed is increased by 20%. During a week, a worker produced 100 units. **Calculate the wages under the following methods:**
 a) **Time rate system**
 b) **Halsey Plan**
 c) **Rowan Plan**
16. From the following particulars **compute the machine hour rate:**
 a) Cost of the machine- Rs 11,000
 b) Scrap value- Rs 680
 c) Repairs for the effective working life- Rs 1500
 d) Standing charges for 4 weekly period- Rs 1,600
 e) Effective working life- 10,000 hours
 f) Power used -6 units per hour @5 paisa per unit
 g) Hours worked in 4 weekly period- 120 hours
17. The net profit of Akash Ltd, Bangalore appeared as Rs 64,500 as per financial records for the year ended 31st March 2018. The cost books, however, showed a net profit of Rs 86,460 for the same period. A careful scrutiny of the figures revealed the following facts:

	Rs
Income tax provided in financial books	20,000
Bank interest credited in financial books	250
Works overhead under recovered	1,550
Depreciation charged in financial accounts	5,600
Depreciation recovered in costing books	6,000
Administrative overheads over recovered	850
Loss due to obsolescence charged in financial accounts	2,800
Interest on investments not included	4,000

in cost accounts	
Stores adjustment (credited in financial books)	240
Loss due depreciation in stock values charged in financial books	3350

Prepare Reconciliation accounts.

18. How is Financial Accounting **different** from Cost Accounting?

SECTION - C

III) Answer any TWO of the following questions.

(2x10=20)

19. The following information is available in respect of a material:

Re-order Quantity	1,500 Units
Maximum Consumption	400 Units/Week
Normal Consumption	300 Units/Week
Minimum Consumption	250 Units/Week
Re-order Period	4 to 6 Weeks
Maximum Re-order Period for emergency purchases	2 Weeks

Calculate:

- a) Re-order level
 - b) Maximum level
 - c) Minimum level
 - d) Danger level
 - e) Average Stock level
20. The following transactions took place in respect of a raw material in the books of Guru Ltd during September 2018:

Date	Receipt(units)	Rate per unit(Rs)	Issues(units)
2 nd September	200	2	-
10 th September	300	2.40	-
15 th September	-	-	250
18 th September	250	2.60	-
20 th September	-	-	200
25 th September	400	2.70	-
30 th September	-	-	400

You are required to record the above transactions in Stores ledger pricing the issues under:

- a) Simple Average method
- b) Weighted Average method

21. A firm has three production departments A, B and C and two service departments X and Y, the following figures are extracted from the books of the firm.

Depreciation	Rs 4000	Indirect wages	Rs 600
Lighting	Rs 240	Power	Rs 600
Rent	Rs 2000	others	Rs 4000

Other particulars:

	A	B	C	X	Y
Floor space (sq.ft)	400	500	600	400	100
Direct wages(Rs)	900	600	900	900	700
Light points	20	30	40	20	10
H.P of the machines	75	30	25	10	-
Value of machinery(Rs)	12,000	16,000	20,000	1,000	1,000
Working hours	3,113	2,014	2,033	-	-

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

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

You are required to distribute the service department expenses to the production departments using simultaneous equation method.

22. In a factory, works overhead are absorbed at 60% of labour cost and office overheads at 20% of works cost. **Prepare (i) Cost sheet (ii) Profit & loss a/c and (iii) Reconciliation statement** if Total expenditure consists of material- Rs 2,00,000; wages- Rs 1,50,000; factory expenses- Rs 1,00,000 and office expenses- Rs 85,000.
10% of the output is stock at the end and sales are Rs 5, 20,000.