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IV Semester B.Com. Examination, May/June 2014
(Semester Scheme) (Freshers)
(2013-14 and Onwards)
COMMERCE
Paper – 4.4 : Cost Accounting

Time : 3 Hours

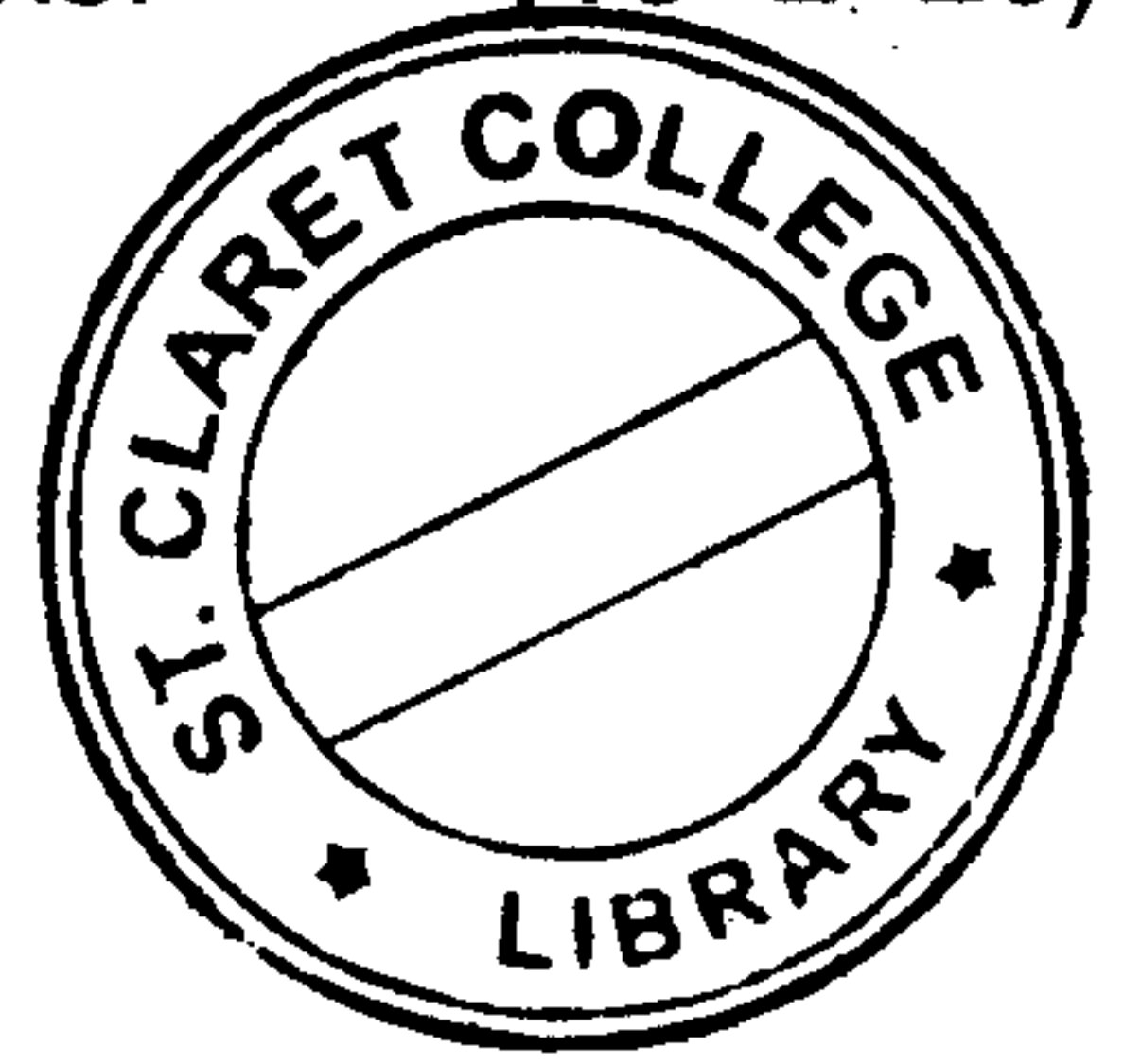
Max. Marks : 100

Instruction : Answer should be written **completely** either in **Kannada** or in **English**.

SECTION – A

Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. (10×2=20)

1. a) What is a cost centre ?
- b) What is a cost sheet ?
- c) State the three elements of cost.
- d) What is EOQ ? How is it calculated ?
- e) What is meant by VED analysis ?
- f) State two advantages of LIFO method of pricing issues.
- g) Differentiate between time keeping and time booking.
- h) State the causes of idle time.
- i) What is notional cost ? Give an example.
- j) State the basis of apportionment of (a) Motive power (b) Insurance of plant (c) Indirect wages and (d) Labour welfare expenses.
- k) Give the meaning of semi-variable cost.
- l) What is memorandum reconciliation account ?



SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks. (4×8=32)

2. State the causes for the difference in profits as per cost accounts and financial accounts.

P.T.O.



3. Calculate Total Factory cost and Factory cost per unit from the following information :

	Rs.
Number of units of raw material consumed	10,000
Cost of material consumed	1,00,000
Direct wages	50,000
Direct expenses	30,000
Factory overheads	1,20,000
Opening stock of work-in-progress (2000 units)	60,000
Closing stock of work-in-progress (3000 units)	?

4. In a manufacturing concern, particulars of material 'A' is as follows :
- Re-order quantity 3600 units
 Maximum consumption 900 units
 Minimum consumption 300 units
 Re-order period 3 to 5 weeks
- Calculate (a) Re-order level (b) Minimum level (c) Maximum level and (d) Average level.
5. ABC Ltd., requires 1500 units of a material per month costing Rs. 27 per unit. Cost per order is Rs. 150 and the inventory carrying cost works out to 20% of the average inventory. Find out the EOQ and the number of orders to be placed in a year.
6. A worker works with a 44 hours guaranteed wages. Rate per hour is Rs. 50. Time allowed to produce one unit is 30 minutes and under incentive scheme time allowed to produce one unit is increased by 20%. During a week the worker produces 100 units. Calculate the wages of the worker under Halsey Plan (50 : 50) and Rowan Plan.

SECTION – C

Answer **any three** of the following. **Each** question carries **sixteen** mark. **(3×16=48)**

7. The Managing Director of a Small Manufacturing Concern consults you as to the minimum price at which he can sell the output. The company records show the following particulars relating to last year :

Number of units produced and sold	100
	Rs.
Direct material	3,900
Direct labour	2,100



Direct charges	300
Works on-cost	2,100
Office on-cost	840
Selling on-cost	960
Profit	1,500
Total	11,700

It is ascertained from the records that 40% of the works on-cost fluctuates directly with the production and 70% of selling on-cost fluctuate with sales. It is anticipated that the department would produce 1,000 units per annum next year and direct labour charges per unit will be reduced by 20%.

The fixed works-on-cost will increase by Rs. 900. The office on-cost and fixed selling on-cost are anticipated to show an increase of 25%.

Prepare a statement for submission to your client.

8. The following transactions took place in respect of a material 'X'

Date	Receipts (Units)	Rate per unit (Rs.)	Issues (Units)
2014 March			
2	2,000	2.00	—
4	3,000	2.40	—
6	—	—	2,500
8	2,500	2.60	—
10	—	—	2,000

Prepare stores ledger account under Simple Average Price Method and Weighted Average Price Method.

9. Shivu Ltd., has three production and two service departments. From the following details prepare the overhead distribution summary using repeated distribution method for secondary distribution and calculate overhead rate per labour hour.

Particulars	Production Departments			Service Departments	
	A	B	C	D	E
Direct Materials (Rs.)	45,000	30,000	15,000	12,000	9,000
Direct Wages (Rs.)	30,000	22,500	15,000	6,000	4,500
Value of Machinery (Rs.)	60,000	45,000	30,000	—	—



Floor Area (Sq.ft.)	30,000	20,000	15,000	10,000	5,000
HP of Machines	240	200	160	—	—
No. of light points	120	90	60	30	30
No. of labour hours	5,000	5,000	5,000	—	—

Other details :

Indirect Materials Rs. 22,200; Indirect Wages Rs. 15,600; Depreciation on Machinery Rs. 27,000; Depreciation on Building Rs. 12,000; Rent, Rates and Taxes Rs. 9,000; Electric Power Rs. 33,750; Lighting Rs. 2,400; General Expenses Rs. 7,800.

The services rendered by each service department to other departments is as under :

Department	A	B	C	D	E
D	30%	40%	20%	—	10%
E	10%	20%	50%	20%	—

10. The net profits of a manufacturing company appeared at Rs. 76,500 as per financial accounts for the year ended 31st March, 2014. The cost books, however, revealed a net profit of Rs. 88,460 for the same period. A careful scrutiny of the figures from both the sets of accounts revealed the following facts :

Income tax provided in financial books Rs. 10,000

Bank interest credited in financial books Rs. 250

Works overheads under recovered in cost books Rs. 1,550

Depreciation charged in financial books Rs. 5,600

Depreciation recovered in cost books Rs. 6,000

Administrative overheads over recovered Rs. 850

Loss due to obsolescence in financial accounts Rs. 2,800

Interest on investments not included in cost accounts Rs. 4,000

Stores adjustment (credited in financial books) Rs. 240

Loss due to depreciation in stock values charged in financial accounts 3,350

Prepare Reconciliation Statement.