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IV Semester B.Com. Examination, May/June 2014
(Semester Scheme) (Repeaters)
(Prior to 2012-13)
COMMERCE
Paper – 4.6 : Cost Accounting

Time : 3 Hours

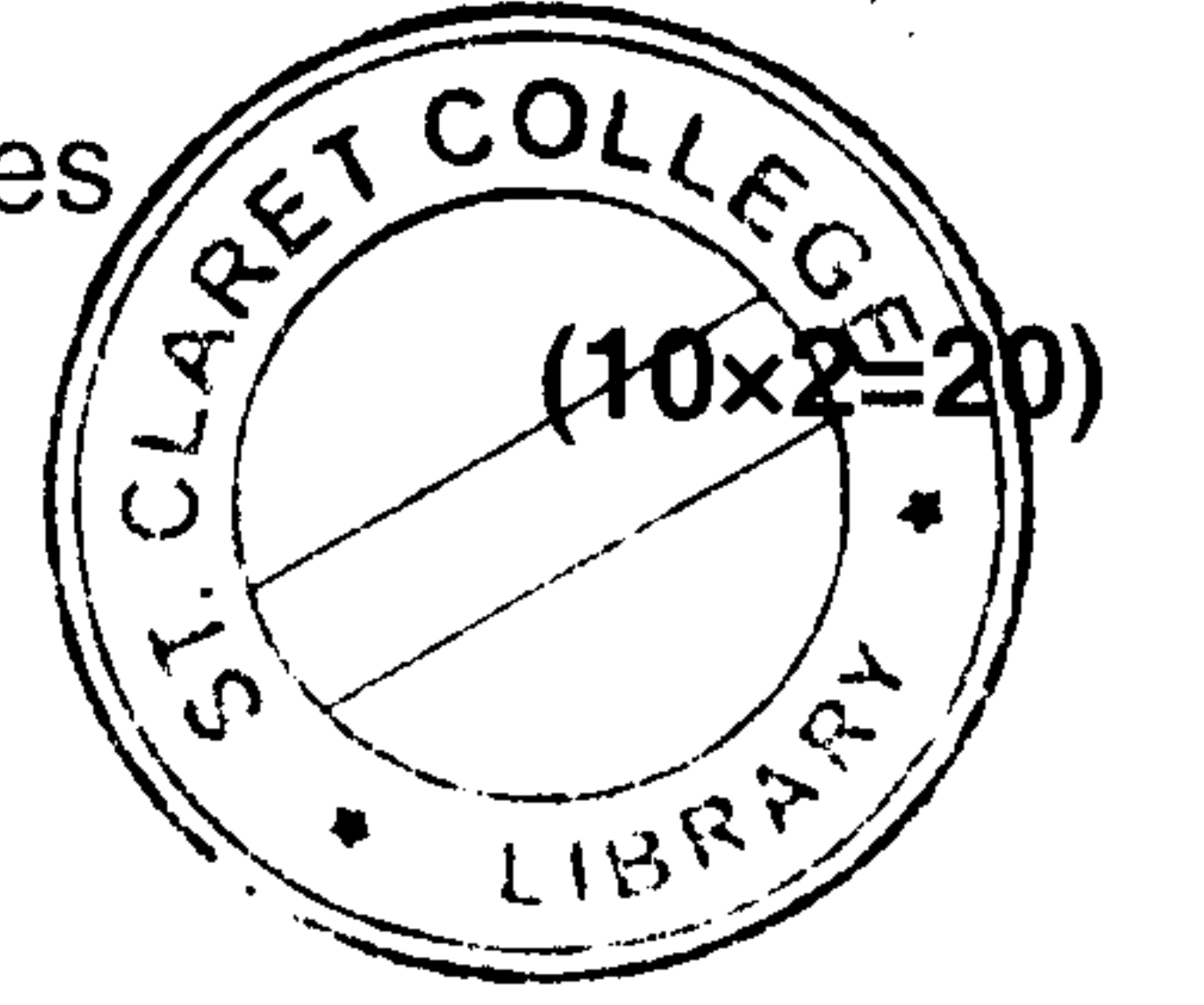
Max. Marks : 90

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

SECTION – A

1. Answer **any ten** questions of the following. **Each** question carries **two** marks :

- a) What is cost centre ?
- b) Give the meaning of overheads.
- c) How do you calculate bonus under Halsey premium plan ?
- d) What do you mean by material control ?
- e) What is fixed overhead ?
- f) Give the meaning of costing.
- g) What is piece rate system ?
- h) Give the meaning of overtime.
- i) What is EOQ ?
- j) What is maximum level of stock ?
- k) Give the meaning of prime cost.
- l) What are ABC analysis ?





SECTION – B

Answer **any five** questions of the following. **Each** question carries **five** marks :

(5×5=25)

2. What is idle time ? Give reasons for it.
3. Explain the important steps in material purchase procedure.
4. From the following figures prepare a cost sheet showing cost per unit and profits.

Raw materials consumed	Rs. 80,000
Direct wages	Rs. 48,000
Machine hours worked	8000 hours
Machine hour rate	Rs. 4

Office overhead – 10% of factory cost

Selling overhead Rs. 1.50 per unit

Units produced – 4000

Units sold – 3600 @ Rs. 50 each.

5. The following transactions took place in respect of materials :

Date	Receipts	Rate (Rs.) per unit	Issues
2-4-2013	2000	20	–
6-4-2013	3000	24	–
8-4-2013	–	–	2500
25-4-2013	2500	26	–
29-4-2013	–	–	2000

Prepare a store ledger under weighted average method.



- 6. Rate per hour = Rs. 1.50
- Time allowed for job = 20 hours
- Time taken = 15 hours

Calculate the total earnings of the worker under Halsey plan. Also find out effective rate of earnings.

- 7. Chandra Company has 3 production departments and 2 service departments. The departmental distribution summary of overhead is as follows :

Production departments :	Rs.
$P_1 = \text{Rs. } 8,000; P_2 = \text{Rs. } 7,000; P_3 = \text{Rs. } 5,000$	20,000
Service departments :	
$S_1 = \text{Rs. } 2,340; S_2 = \text{Rs. } 3,000$	5,340
	25,340

The expenses of service department are charged on a percentage basis which are as follows :

	P₁	P₂	P₃	S₁	S₂
Service Department S₁	20%	40%	30%	–	10%
Service Department S₂	40%	20%	20%	20%	–

Prepare a statement showing the distribution of the 2 service departments using simultaneous equation method.

- 8. Explain the advantages of cost accounting.
- 9. Explain the causes of labour turnover.



SECTION – C

Answer **any three** questions of the following. **Each** question carries **fifteen** marks :

(3×15=45)

10. Following is the receipts and issues of raw material in VIKAS Ltd., during January 2013.

January 1 st	Opening balance 2500 units @ Rs. 25 per unit
" 3 rd	Issued 350 units
" 5 th	Issued 500 units
" 9 th	Issued 400 units
" 10 th	Purchased 1000 units @ Rs. 24.50 per unit
" 12 th	Issued 900 units
" 18 th	Purchased 1200 units @ Rs. 24.40 per unit
" 24 th	Issued 1500 units
" 25 th	Purchased 1600 units @ Rs. 24.30 per unit
" 25 th	Issued 600 units
" 28 th	Purchased 500 units @ Rs. 25 per unit.

You are required to prepare store ledger under LIFO method.

11. Two components A and B are used as below :

Normal usage – 500 units per week each

Minimum usage – 250 units per week each

Reorder quantity :

A – 4000 units

B – 6000 units



Reorder period :

A – 4 to 6 weeks

B – 2 to 4 weeks

Calculate for each component :

- a) Reorder level
- b) Maximum level
- c) Minimum level
- d) Average stock level.

12. Superior enterprises have separate cost and financial records. The profit as per financial records arrived at Rs. 50,000.

The following information is available :

- a) The firm received Rs. 10,000 as dividends
- b) Paid bank interest of Rs. 15,000 during the year
- c) A machine with a book value of Rs. 10,000 was sold for Rs. 8,000
- d) The firm made a notional rent charge of Rs. 12,000 in cost accounts in respect of its own premises.
- e) Stock values

	Cost Accounts	Financial Accounts
	(Rs.)	(Rs.)
Opening stock of raw materials	5,000	5,500
Closing stock of raw materials	4,000	5,300
Opening stock of finished goods	12,000	15,000
Closing stock of finished goods	14,000	16,000

You are required to prepare reconciliation statement.



13. Beta Tech. Ltd., has 3 production departments and 2 service departments.

From the following figures extracted from the records of the Co., calculate the overhead rate labour hour :

Particulars	Rs.
Indirect materials	7,500
Indirect wages	5,000
Depreciation of machinery	12,500
Depreciation of buildings	2,500
Rents, rates and taxes	5,000
Electric power for machinery	7,500
Electric power for lighting	250
General expenses	7,500

Particulars	Production Department			Service Department	
	X	Y	Z	A	B
Direct materials (Rs.)	10,000	5,000	9,500	3,000	2,500
Direct wages (Rs.)	7,500	7,500	2,000	1,000	2,000
Value of machinery (Rs.)	60,000	1,00,000	40,000	25,000	25,000
Floor area (Sq. ft.)	15,000	10,000	10,000	5,000	10,000
Power (H.P.)	50	60	30	5	5
Light points	15	10	10	5	10



The expenses of the service department A and B are to be apportioned as follows :

	Production Dept.			Service Dept.	
	X	Y	Z	A	B
Dept. A	40%	20%	30%	–	10%
Dept. B	30%	30%	20%	20%	–

14. Following data of costing information of Raj Ltd., for the month of 31-3-2012.

	Rs.
<u>Stock 1-3-2012 :</u>	
Raw materials	61,000
Finished goods	40,800
<u>Stock 31-3-2012 :</u>	
Raw materials	97,000
Finished goods	20,000
Purchase of raw materials	50,000
Work in progress (1-3-2012)	16,000
Work in progress (31-3-2012)	18,000
Sales	1,90,000
Direct wages	40,800
Factory expenses	21,000
Office expenses	10,800
Selling expenses	7,600
Distribution expenses	5,000
Income tax	5,000
Dividend	10,000
Prepare cost sheet.	