



SA – 757

IV Semester B.Com. Examination, April/May 2015
(Semester Scheme) (Freshers + Repeaters) (2013-14 and Onwards)
Commerce
Paper – 4.4 : COST ACCOUNTING

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

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

1. a) Define costing.
- b) What do you mean by controllable costs ? Give example.
- c) What is a purchase requisition ? To whom it is submitted ?
- d) What are the objectives of Cost Accounting ?
- e) Name any four techniques of inventory control.
- f) Define the term material control.
- g) What is variable overheads ? Give two examples.
- h) Name the methods of labour turnover.
- i) How do you calculate bonus under
 - i) Halsey plan ?
 - ii) Rowan plan ?
- j) Give the meaning of Cost Apportionment.
- k) Define Overheads.
- l) What is meant by purely financial expenses ? Give examples.

P.T.O.



SECTION - B

Answer **any four** questions. **Each** question carries **eight** marks.

(4×8=32)

2. Briefly state the differences between Cost Accounting and Financial Accounting.
3. From the following particulars prepare a statement of Cost and Profit.

Raw materials consumed	₹ 80,000
Direct wages	₹ 50,000
Machine hours worked	10,000 hours
Machine hour rate	₹ 2 per hour
Office overheads	20% on works cost
Selling overheads	₹ 2 per unit sold
Units produced	10,000 units
Units sold	9000 units at ₹ 25 per unit

4. Following information is available with respect to a particular type of labour.

a) Monthly salary

i) Basic pay ₹ 2,000

ii) DA 75% of Basic Pay

b) House Rent Allowance ₹ 400 per month.

c) Leave salary earned ₹ 3500

d) CCA ₹ 200 per month.



- e) Interim relief 10% of Basic + DA
- f) Employer's contribution to PF 5% of Basic + DA
- g) Employer's contribution to ESI 2½% of Basic + DA
- h) Pro-rata expenses on amenities ₹ 25 per month.
- i) Number of working hours in a month 200 Hours.

Calculate the Cost of Labour per day of 8 Hours.

5. Compute machine hour rate from the following data :

Cost of Machine	₹ 1,00,000
Installation charges	₹ 10,000
Estimated scrap value after the expiry of life (15 years)	₹ 5,000
Rent and rates for the shop per month	₹ 200
General lighting for the shop per month	₹ 300
Insurance premium for the machine per annum	₹ 960
Repairs and maintenance for the machine per annum	₹ 1000
Power consumption 10 units per hour	
Rate of power per 100 units	₹ 20
Shop Supervisor's salary per month	₹ 600
Estimated productive working hours 2000 hours p.a.	

The machine occupies $\frac{1}{4}$ of the total area of the shop. The supervisor is expected to devote $\frac{1}{5}$ of his time for supervising this machine.



6. a) ABC Company Ltd. gives the following details about the material X. Monthly consumption 200 units, Average cost per order ₹ 40. Average price per unit ₹ 20, Holding cost 24% per year.

Determine EOQ.

- b) From the following particulars calculate :

i) Reorder Level

ii) Minimum Level

Maximum consumption 150 units per day

Minimum consumption 50 units per day

Reorder period 25 – 30 days.

SECTION – C

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

7. In respect of a factory the following figures have been obtained for the year

	₹
Cost of Materials	₹ 6,00,000
Direct wages	₹ 5,00,000
Factory overheads	₹ 3,00,000
Administrative overheads	₹ 3,36,000
Selling overheads	₹ 2,24,000
Distribution overheads	₹ 1,40,000
Profit	₹ 4,20,000



A work order has been executed and the following expenses have been incurred.

Materials ₹ 8,000

Wages ₹ 5,000

Assuming that in 2005, the rate of factory overheads has increased by 20%. Distribution overheads have gone down by 10% and selling and administration overheads have each gone up by 12½%. At what price should the product be sold so as to earn the same rate of profit on the selling price as in 2004.

Factory overheads is based on direct wages while all other overheads based on factory cost.

8. The profit as per cost accounts is ₹ 1,15,000 the following points are found out on comparison between cost accounts and financial accounts.

Particulars	Cost Accounts ₹	Financial Accounts ₹
a) Opening stock :		
Materials	10,000	10,500
Work-in-progress	15,000	12,000
Finished goods	14,000	13,000
b) Closing stock :		
Materials	12,000	11,000
Work-in-progress	20,000	21,500
Finished goods	30,000	28,000



- c) Directors fee paid ₹ 1,500 Reserve for bad debts ₹ 600 interest paid ₹ 1000. Transfer fees received ₹ 800, Dividend received ₹ 400 are exclusively taken in financial accounts but ignored in cost accounts.
- d) Rent charged in costing but not in FA ₹ 5000.
- e) Goodwill ₹ 5000 and preliminary expenses Rs. 2000 have been written off during the year.
- f) Overheads incurred Rs. 50,600 but overheads absorbed amounted to ₹ 48,100.
- Find out the profit as per financial accounts by preparing Reconciliation Statement.

9. The following purchases have been extracted in respect of material 'ExE'. Prepare Stores Ledger Account under LIFO Method of pricing of material issues.

Receipts :

3-10-2014	Purchased	500	units at ₹ 4 per unit
4-10-2014	Purchased	100	units at ₹ 4.20 per unit
10-10-2014	Purchased	50	units at ₹ 4.25 per unit
13-10-2014	Purchased	800	units at ₹ 4.30 per unit
23-10-2014	Purchased	850	units at ₹ 3.80 per unit

Issues :

5-10-2014	Issued	400 units
10-10-2014	Issued	50 units
15-10-2014	Issued	900 units
25-10-2014	Issued	450 units



10. India Company Ltd. has three production departments and two service departments. The following figures for a certain period has been made available.

	₹
Rent and rates	10,000
Lighting	1,200
Indirect wages	3,000
Power	3,000
Depreciation	20,000
Insurance of stock	5,000
Indirect materials	4,000
Sundry charges	20,000

The following information is also available :

Particulars	Production Department			Service Department	
	A	B	C	X	Y
Floor Area (sq. ft.)	2000	2500	3000	2000	500
Light points	20	30	40	20	10
HP of machines	120	60	100	20	-
Cost of machine	24000	32000	40000	2000	2000
Direct wages	6000	4000	6000	3000	1000
Stock value	4000	3000	2000	600	400
Direct materials	5000	6000	4000	3000	2000
Working Hours	4670	3020	3050	-	-



The expenses of Service Departments are to be charged as follows

	A	B	C	X	Y
Service Department X	20%	30%	40%	–	10%
Service Department Y	40%	20%	30%	10%	–

You are required to calculate the overhead absorption rate per hour in respect of three Production Departments by preparing primary and secondary distribution summary.