



SM – 478

IV Semester B.Com. Examination, May/June 2018
(CBCS) (Fresh + Repeaters) (2015-16 and Onwards)
COMMERCE

Paper – 4.4 : Cost Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**
- Define Cost Accounting.
 - What do you mean by cost ?
 - What is marginal cost ?
 - Give the meaning of material.
 - What is Bin card ?
 - What do you mean by wage sheet ?
 - What is apportionment ?

SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. **(3×6=18)**

- What are the practical difficulties in installation of Cost Accounting ?
- From the following particulars calculate earnings of a worker under Halsey and Rowan plan.
Standard time 10 hrs.
Time taken 6 hrs.
Hourly rate ₹ 2
- From the following information compute a machine hour rate of machine no. 10 for the month of June.
Cost of machine ₹ 32,000
Estimated scrap value ₹ 2,000
Effective working life 10000 hours
Repairs and maintenance for life of machine ₹ 2,500
Standing charges for the month of June ₹ 400
Power consumed by machine @ ₹ 0.30 p.u. ₹ 600
The machine consumes 10 units of power per hour.

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5. Calculate Re-order level, maximum level, minimum level and average level from the following information.
- Reorder quantity 1500 units
 Reorder period 4 to 6 weeks
 Maximum consumption 400 units per week,
 Normal consumption 300 units per week,
 Minimum consumption 250 units per week.
6. Job No. 25 was commenced on 1-1-18 and completed on 31-1-18. Materials used ₹ 600 and labour ₹ 400. Factory overheads were
- Machine No. 10 used for 40 hours @ ₹ 3.50 p.hour,
 Machine No. 20 used for 30 hours @ ₹ 4 p.hour,
 Six welders were used for job for 5 days of 8 hours @ rate of 20 paise per hour,
 Other expenses were 100% of labour
 Ascertain works cost of job number - 25.

SECTION - C

Answer **any three** questions. **Each** question carries **14** marks. (3×14=42)

7. Tata Engineering Company manufactured and sold 1000 machines in 2016. Following are the particulars obtained.

	₹
Cost of materials	80,000
Wages paid	1,20,000
Factory expenses	50,000
Salaries	60,000
Rent, rates and insurance	10,000
Selling expenses	30,000
General expenses	20,000
Sales	4,00,000

The company plans to manufacture 1200 machines in 2017. You are required to submit a statement showing the price to earn a profit of 10% on selling price. The following additional information is given to you.



- a) Price of materials will rise by 20% on previous year's price
 - b) Wages will rise by 5%
 - c) Manufacturing expenses will rise in proportion to the combined cost of materials and wages.
 - d) Selling expenses per unit will remain unchanged.
 - e) Other expenses will remain unaffected by rise in output.
8. What do you mean by weighted average price ? And prepare stores ledger under weighted average price from the following :

Jan. 2	purchased	4000 units	@ ₹ 4.00 p.u.
Jan. 20	purchased	500 units	@ ₹ 5.00 p.u.
Feb. 5	issued	2000 units	-
Feb. 10	purchased	6000 units	@ ₹ 6.00 p.u.
Feb. 12	issued	4000 units	-
Mar. 2	issued	1000 units	-
Mar. 5	issued	2000 units	-
Mar. 15	purchased	4500 units	@ ₹ 5.50 p.u.
Mar. 20	issued	3000 units	-

9. Overhead costs of Service department before distribution of Production department costs are as follows :

Departments amount ₹	Production depts.			Service depts.	
	A	B	C	D	E
	7,550	7,200	9,650	4,625	1,575

The costs of service departments D and E are to be charged on the basis of following percentages :

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

Find the total overheads of production departments by using the following methods.

- a) Simultaneous equation method.
- b) Repeated distribution method.



10. Find out the profit as per costing records and financial accounts from the following :

	Sony	LG
Number of units produced and sold	600	400
Direct materials	₹ 3,600	₹ 2,800
Direct wages	₹ 3,000	₹ 2,400
Selling price per unit	₹ 25	₹ 30

Works overhead is 80% of wages and office overhead 25% of works cost.
Actual works expenses ₹ 4,500 and office expenses ₹ 3,900. Reconcile the costing profit with financial profit.

11. From the following information for the year ending 31st December 2017 the company request you to apportion the expenses to various departments on an equitable basis and reapportion the service department costs to production departments as given below. Service department X to production departments in the ratio of 3 : 2 : 1 and service department Y to production departments in the ratio of 4 : 3 : 2.

Particulars	Production departments			Service departments	
	A	B	C	X	Y
Direct wages (₹)	7,000	6,000	5,000	1,000	1,000
Direct materials (₹)	3,000	2,500	2,000	1,500	1,000
Number of employees	200	150	150	50	50
Electricity (KW)	8,000	6,000	6,000	2,000	3,000
Number of light points	10	15	15	5	5
Assets value (₹)	50,000	30,000	20,000	10,000	10,000
Area (sq. ft.)	800	600	600	600	200

The expenses for the period are as follows :

Stores overhead	₹
Motive power	4,000
Labour welfare	1,500
Depreciation	3,000
Repairs and maintenance	3,000
Electric light	12,000
General overhead	2,000
Rent and taxes	10,000
	6,000