



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<br>₹ | Financial Accounts<br>₹ |
|--------------------|--------------------|-------------------------|
| 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 'E×E'. 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

|                             | <b>A</b> | <b>B</b> | <b>C</b> | <b>X</b> | <b>Y</b> |
|-----------------------------|----------|----------|----------|----------|----------|
| <b>Service Department X</b> | 20%      | 30%      | 40%      | –        | 10%      |
| <b>Service Department Y</b> | 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.