



MS – 403

Fourth Semester B.Com. Examination, May/June 2013
(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. **(10×2=20)**
- a) Define costing.
 - b) Mention any two differences between financial accounting and cost accounting.
 - c) What is tender ?
 - d) What is indirect cost ?
 - e) Define labour turnover.
 - f) Define idle time.
 - g) What is bin card ?
 - h) Write two advantages of piece rate system.
 - i) What is overhead ?
 - j) What is machine hour rate ?
 - k) Mention two differences between fixed and variable costs.
 - l) What is meant by over time ?

P.T.O.

52



SECTION – B

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

(5×5=25)

2. Discuss the causes and effects of labour turnover.
3. Explain the techniques of inventory system.
4. Following transactions relates to the Receipts and Issue of material 'X'.

Receipts :

03-06-2012	500 units	@ ₹ 4.00 per unit
13-06-2012	900 units	@ ₹ 4.30 per unit
23-06-2012	600 units	@ ₹ 3.80 per unit

Issues :

05-06-2012	400 units
15-06-2012	400 units
25-06-2012	600 units

Prepare stores ledger under stores ledger weighted average method.

5. Standard time allowed to complete a job is 30 hours, hourly rate is ₹ 25. Worker 'A' completes the job in 30 hours and worker 'B' completes the job in 25 hours.

Calculate the earnings of worker under Halsey and Rowan plan.

6. Analyse the methods of absorption of over-heads.
7. Discuss the methods of wage payment.



8. Calculate maximum store level, minimum store level and re-order level, from the following data :

Normal usage per week	200 units
Re-order quantity	1500 units
Maximum usage per week	250 units
Minimum usage per week	100 units
Reorder period	6 to 12 weeks

9. M/S Usa Co. manufactured and sold 2000 sewing machines in the year 2011.

Raw materials	2,00,000
Direct wages	1,60,000
Manufacturing wages	1,00,000

Factory overheads 50% of wages

Office overheads 10% of factory cost

Selling overheads ₹ 20 per unit sold

All machines were sold for ₹ 7,00,000. Prepare cost sheet.

SECTION – C

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

(3×15=45)

10. Prepare Stores Ledger Account showing the issue of materials for the month of April 2012, under FIFO method.



- April 1 Opening stock 1000 units @ ₹ 26 each
- 3 Issued 500 units
- 5 Issued 400 units
- 7 Purchased 750 units @ ₹ 27.50 each
- 9 Issued 360 units
- 11 Purchased 500 units @ ₹ 29 each
- 13 Issued 700 units
- 15 Returns to vendor, purchased on 11th April 15 units
- 17 Received back from work-order, issued on 9th April 20 units
- 19 Issued 250 units
- 20 Purchased 250 units @ ₹ 32 each
- 23 Issued 200 units
- 25 Purchased 750 units @ ₹ 34 each
- 27 Issued 150 units

On 30th April, when stock is verified, it is found that the actual stock is more by 10 units.



11. A production plant works with two Machines 'X' and 'Y'. From the following information, compute machine hour rate of machine 'X' and 'Y'.

	Machine 'X'	Machine 'Y'
	₹	₹
Cost of Machine	80,000	1,00,000
Cost of installation	20,000	10,000
Scrap value	10,000	—
Estimated life	10 years	10 years
Working hour per year	2000	1800

Following expenses are incurred in the production plant.

	₹
Rent per month	3,000
General lighting per month	200
Supervisor salary per month	6,000
Power, 2 units per hour by each machine @ ₹ 2 per unit.	
Canteen expenses per annum	₹ 10,000
Repairs (per annum)	₹ 20,000 per machine

	Machines	
	X	Y
Area occupied (sq. ft.)	300	600
Light points	12	6
Workers	10	8
Time devoted by supervisor	$\frac{1}{3}$	$\frac{2}{3}$



12. On the basis of the following information, calculate the earnings of worker 'X' and worker 'Y' under

- a) Taylor's differential piece rate system
- b) Halsey premium plans and
- c) Rowan premium plans.

Standard production 10 units per hour

Hourly rate ₹ 5

Piece rate per unit ₹ 0.5

Differential piece rate – 80% of piece rate when out-put is below the standard performance and 110% of piece rate when out-put is above the standard performance.

Worker 'X' produced 90 units in a day of 10 hours.

Worker 'Y' produced 120 units in a day of 10 hours.

13. From the following, prepare a Reconciliation statement, calculate the Net Profit as per financial accounts.

	₹
a) Net profit as per costing records	1,72,400
b) Work-overheads under-recovered in costing	3,120
c) Administrative overheads recovered in excess	1,700
d) Depreciation charged in financial records	11,000
e) Interest received but not included in costing	8,000



f) Obsolescence plant loss charged in financial records	5,700
g) Income tax provided in financial books	40,300
h) Bank interest credited in financial books	750
i) Stores adjustments credited in financial books	475
j) Depreciation of stock charged in financial books	6,750
k) Depreciation recovered in costing	12,300

14. The following expenses were incurred for a job during the year ending 31st December 2011.

	Rs.
Direct materials	1,20,000
Direct wages	1,60,000
Chargeable expenses	40,000
Factory overhead	80,000
Administrative overhead	1,20,000
Selling and distribution overheads	80,000
Selling price for the above job was	7,20,000

You are required to prepare a statement showing the profit earned for the year 2011 from the job and an estimated price of a job which is to be executed in the year 2012. Materials, wages and chargeable expenses will be required of ₹ 20,000, ₹ 28,000 and ₹ 8,000 respectively for the job.



The various overheads to be recovered on the following basis while calculating the price.

- a) Factory overheads as a percentage of direct wages.
- b) Administration and selling and distribution overheads as on percentage of factory cost.
- c) Rate of profit on cost of sales of 2011 is to be applied.