



-48-

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

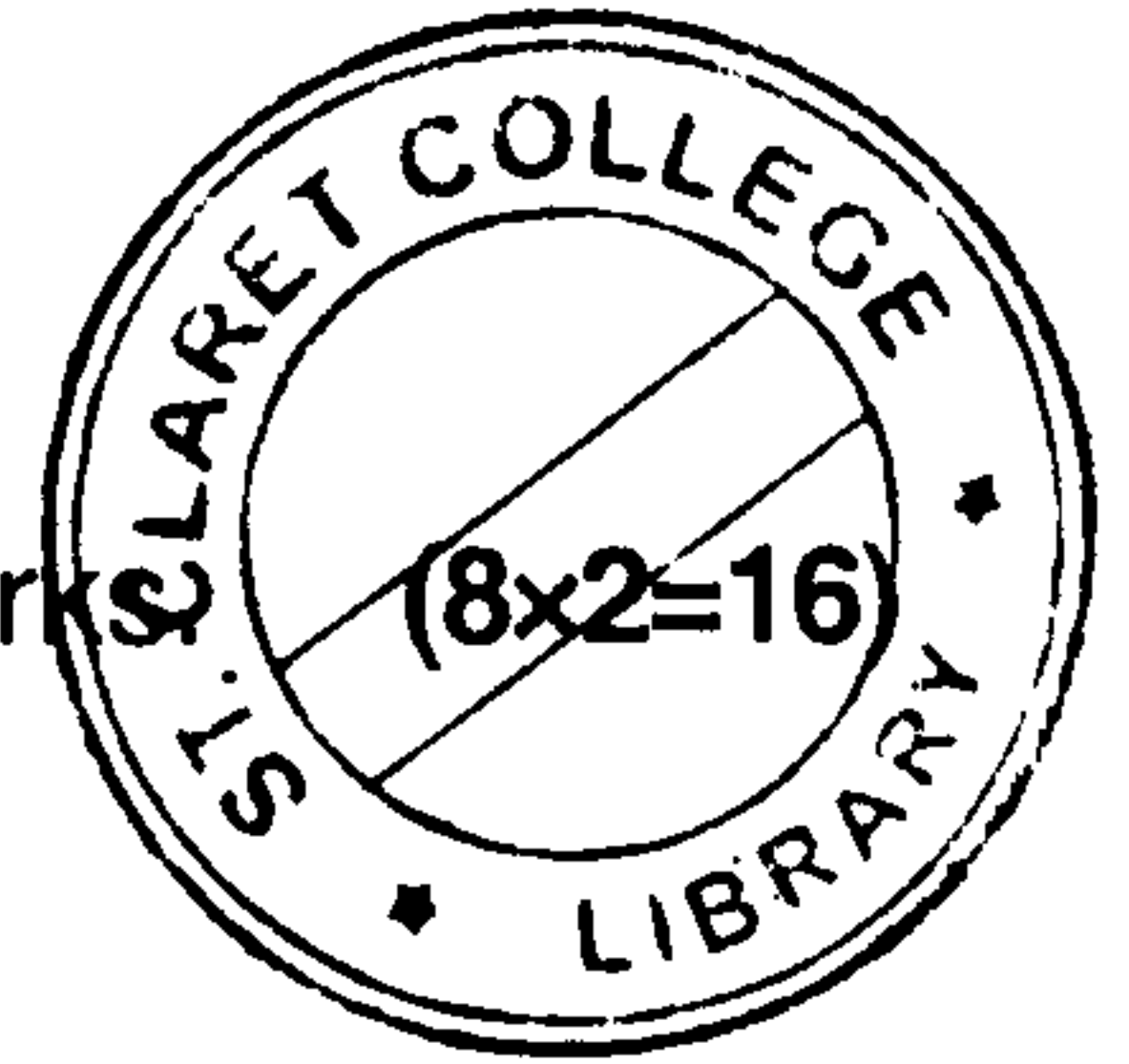
Time : 3 Hours

Max. Marks : 100

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

SECTION – A

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



1. a) What is tender ?
- b) What are Direct Materials ?
- c) Give two examples of selling and distribution overheads.
- d) State any two items which are included in cost accounts and not included in financial accounts.
- e) What is costing ?
- f) Give the meaning of weighted average method.
- g) What is perpetual inventory system ?
- h) What is cost centre ?
- i) What is prime cost ?
- j) Mention two examples for idle time.

SECTION – B

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

(3x8=24)

2. What is ABC analysis ? What are its advantages ?
3. Ram's wages for a guaranteed 44 hours a week is Rupees 20 per hour, the estimated time to produce in article is 30 minutes.
During one week, Ram manufactured 100 articles. Calculate his wages under
 - a) Halsey premium plan
 - b) Rowan premium plan.

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4. List the causes of Labour turnover.
5. The following data of costing information related to a company BELL for the month of 31-3-2013.

| | Rs. |
|---|----------|
| Direct materials | 1,80,000 |
| Direct wages | 1,50,000 |
| Selling and distribution overhead | 1,05,000 |
| Administration overhead | 84,000 |
| Factory overhead | 90,000 |
| Sales | 7,30,800 |
| Profit 20% on sales | |
| Prepare Cost Sheet. | |
| Enumerate the duties of a store-keeper. | |

SECTION – C

Answer **any four** questions of the following. **Each** question carries **fifteen** marks.
(4×15=60)

7. Revathi Engineering Company Ltd. manufactured and sold 2000 iron boxes in 2013. Following are the particulars obtained from the records of the company.

| | Rs. |
|------------------------|----------|
| Cost of materials | 1,60,000 |
| Wages paid | 2,40,000 |
| Rent | 20,000 |
| General expenses | 40,000 |
| Manufacturing expenses | 1,00,000 |
| Salary (office) | 1,20,000 |
| Selling expenses | 60,000 |
| Sales | 8,00,000 |

The company plans to manufacture 2400 iron boxes in the year 2014. You are required to submit a statement (estimate cost sheet) showing the price at which the iron boxes should be sold to show a profit of 10% on sales.

The following information is given :

- i) The price of material will rise by 20% on previous years level.
- ii) Wages will rise by 5%.
- iii) Manufacturing expenses will rise by 10%.
- iv) Selling expenses per unit decreases by 10%.
- v) Other expenses will be unaffected by the rise in output.

8. A factory has 3 production departments and 2 sub-service departments. The following figures are extracted from the books.

| | Production Departments | | | Service Departments | |
|-----------|------------------------|-------|------|---------------------|------|
| | A | B | C | X | Y |
| Overheads | 15620 | 25086 | 9094 | 8000 | 5200 |

The expenses of service of X and Y are to be allocated as follows :

| | Production Departments | | | Service Departments | |
|---|------------------------|-----|-----|---------------------|-----|
| | A | B | C | X | Y |
| X | 30% | 40% | 10% | – | 20% |
| Y | 20% | 20% | 50% | 10% | – |

Estimated working hours of production departments are A – 500 Hours, B – 1250 hours and C – 700 hours.

Prepare a statement showing the distribution of the two service departments using simultaneous equation method and also calculate hourly rate for each department.

9. Prepare a stores-ledger for the following under FIFO method.

- 1-3-2012 Opening balance 12000 kgs @ Rs. 7.50 per kg.
- 1-3-2012 Purchased 26000 kgs @ Rs. 7.60 per kg
- 1-3-2012 Issued 6000 kgs
- 6-3-2012 Issued 8000 kgs
- 12-3-2012 Issued 5000 kgs
- 14-3-2012 Returned surplus to stores 3000 kgs (issued on 1-3-2012)
- 21-3-2012 Issued 13000 kgs
- 23-3-2012 Purchased 25000 kgs @ Rs. 7.20 per kg
- 24-3-2012 Issued 4000 kgs
- 25-3-2012 Issued 4000 kgs
- 26-3-2012 Issued 5000 kgs



10. From the following figures prepare Reconciliation statement.
- Net profit as per cost accounts Rs. 4,00,000.
 - Income tax provided in financial accounts Rs. 1,20,000.
 - Share transfer fee credited in financial accounts Rs. 8,000.
 - Overheads as per cost accounts were estimated Rs. 68,000 where as Rs. 56,000 were charged in financial accounts.
 - Company provided Rs. 40,000 for doubtful debts.
 - Director's fee shown in financial accounts Rs. 16,000.
 - Depreciation charged in financial accounts in 14,000.
 - Value of closing stock in cost accounts Rs. 37,500. Value of closing stock in financial accounts Rs. 41,500.
 - Interest on investment not included in cost accounts Rs. 8,000.
 - Goodwill written off in financial accounts Rs. 18,000.
 - Stores adjustment credited in financial accounts Rs. 2,000.
11. The components B and B₁ are used in the manufacture of an article. The following data relate to the component.

| | | |
|---------------------|---|--|
| Maximum usage | : | 150 units per week each |
| Minimum usage | : | 50 units per week each |
| Normal usage | : | 100 units per week each |
| Ordering quantities | : | B – 600 units B ₁ – 1000 units |
| Delivery period | : | B – 4 to 6 weeks B ₁ – 2 to 4 weeks. |

Calculate for each component :

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