



MS – 447

48B

IV Semester B.Com. Examination, May 2016
(Prior to 2013-14)(Repeaters)

COMMERCE

Paper – 4.6 : Cost Accounting

(100 Marks – 2012-13 Only/ 90 Marks Prior to 2012-13)

Time : 3 Hours

Max. Marks : 100/90

Instructions : 1) Answer should be written completely either in **English** or in **Kannada**.

2) Section 'D' is Compulsory for 2012-13.

SECTION – A

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

(10×2=20)

- 1) a) Define costing.
- b) What is time keeping ?
- c) What is a stores ledger ?
- d) How do you calculate bonus under Rowan plan ?
- e) What is Machine Hour Rate ?
- f) What is Cost unit ?
- g) What is Prime cost ?
- h) Give two examples of selling and distribution overheads.
- i) Give two examples of purely financial expenses.
- j) What is Memorandum Reconciliation Account ?
- k) What is perpetual inventory system ?
- l) What is material requisition ?

P.T.O.



SECTION – B

II. Answer **any five** questions of the following. **Each** question carries **5** marks.

(5×5=25)

- 2) Mention any five reasons for the difference in profit between cost and financial accounts.
- 3) State the causes for labour turnover.
- 4) State any five methods of absorption of overheads.
- 5) What are the objectives of cost accounting ?
- 6) State the suitable bases for apportionment of the following overhead expenses.
 - a) Rent, Rates and Taxes
 - b) Lighting charges
 - c) Indirect wages
 - d) Electric power
 - e) General overhead.
- 7) The following data of costing information related to a Company for the month of 31st March 2016.

Direct Material – Rs. 1,80,000/-

Direct wages – Rs. 1,50,000/-

Selling and distribution overheads – Rs. 1,05,000/-

Administration overheads – Rs. 84,000/-

Factory overheads – Rs. 90,000/-

Profit – 20% on Sales

Prepare Cost Sheet.



8) From the following information calculate the wages of Mr. 'X' under :

1) Time Rate System

2) Piece Rate System

a) Standard time allowed to do job – 60 hrs

b) Actual time taken – 40 hrs

c) Hourly Rate Rs. 18 per hrs.

9) Calculate Re-order level, Minimum level, Maximum level & Average stock level from the following information.

Normal usage – 600 units per week

Maximum usage – 900 units per week

Minimum usage – 300 units per week

Reorder period – 8 to 12 weeks

Reorder Quantity – 4,800 units.

SECTION – C

III. Answer **any three** questions of the following. **Each** question carries **15** marks.

(15×3=45)

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

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



The following information is also available :

Particulars	Production Depts			Service Depts	
	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 machines (Rs.)	24,000	32,000	40,000	2,000	2,000
Direct wages (Rs.)	6,000	4,000	6,000	3,000	1,000
Stock value (Rs.)	4,000	3,000	2,000	600	400
Direct materials (Rs.)	5,000	6,000	4,000	3,000	2,000
Working hours	4670	3020	3050	—	—

The expenses of service departments are to be charged as follows.

	A	B	C	X	Y
Service dept. X	20%	30%	40%	—	10%
Service dept. Y	40%	20%	30%	10%	—

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

- 11) From the following information for the month of 31st January 2016 of Mr. Kumar Ltd, Prepare Cost Sheet.

Stock on 1st January 2016

Raw materials Rs. 2,00,000/-

Finished Goods Rs.1,00,000/-

Stock on 31st January 2016

Raw materials Rs. 1,50,000/-

Finished goods Rs. 50,000/-



Purchase of Raw materials Rs. 4,00,000/-

Work in progress (1-1-2016) Rs. 30,000/-

Work in progress (31-1-2016) Rs. 40,000/-

Sales Rs. 8,00,000/-

Direct wages Rs. 90,000/-

Factory expenses Rs. 48,000/-

Office expenses Rs. 24,000/-

Selling expenses Rs. 16,000/-

Distribution expenses Rs. 8,000/-

Dividend Rs. 10,000/-

Interest on loan Rs. 15,000/-

- 12) The following purchases have been extracted in respect of material 'S'.
Prepare Stores Ledger account under LIFO method of pricing of material issues.

Receipts :

3-1-16 Purchased 500 units @ Rs. 4 per unit

4-1-16 Purchased 100 units @ Rs. 4.20 per unit

10-1-16 Purchased 50 units @ Rs. 4.25 per unit

13-1-16 Purchased 800 units @ Rs. 4.30 per unit

23-1-16 Purchased 850 units @ Rs.3.80 per unit

Issues :

5-1-16 issued 400 units

10-1-16 issued 50 units

15-1-16 issued 900 units

25-1-16 issued 450 units



- 13) From the following prepare a Reconciliation Statement, calculate the net profit as per Financial Accounts.

	Rs.
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 adjustment credited in financial books	475
j) Depreciation of stock charged in financial books	6,750
k) Depreciation recovered in costing	12,300

- 14) Compute Machine Hour Rate from the following :

Cost of Machine Rs. 1,00,000

Installation charges Rs. 10,000

Estimated scrap value (after 15 years) Rs. 5,000

Rent and Rates for the shop Rs. 200 per month

Insurance for the machine Rs. 960 p.a.

Lighting for the shop Rs. 300 per month

Repairs and maintenance for the machine Rs. 1,000 p.a.

Power consumption (10 units per hour) @ Rs. 2 per hour



Estimated working hours 167 per month

Shop supervisor salary 600 per month

The machine occupies $\frac{1}{4}$ th of the total area of the shop.

The supervisor is expected to devote $\frac{1}{5}$ th of his time for this machine.

SECTION – D

IV. Answer the following question **compulsory** for 2012-13 batch. (10×1=10)

15) Following is the Receipts and issues of raw material in X Ltd. during January

2016. On 1-1-2016 opening balance is 5000 units @ Rs. 20 per unit :

Date	Receipts (units)	Rate per unit	Issues (units)
3-1-16	—	—	900
6-1-16	—	—	1,800
9-1-16	3,000	25	—
11-1-16	—	—	900
17-1-16	4,000	30	—
23-1-16	—	—	3,000
25-1-16	3,600	35	—
26-1-16	—	—	1,200
28-1-16	1,000	40	—

You are required to prepare stores ledger under FIFO method.