



IV Semester B.Com. Examination, May/June 2013
(Fresh) (Semester Scheme)
(2012-13 & Onwards)
COMMERCE
Paper 4.6 : Cost Accounting

Time : 3 Hours

Max. Marks : 100

Instruction : 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.
(8×2=16)

1. a) What is costing ?
- b) State the elements of cost.
- c) What are indirect materials ? Give examples.
- d) What is maximum level ?
- e) What is 'Bin-card' ?
- f) What is Time Study ?
- g) What is E.O.Q ?
- h) Differentiate between time-keeping and time-booking.
- i) What is Piece Rate System ?
- j) What are variable overheads ? Give examples.

SECTION – B

Answer **any three** questions of the following. **Each** question carries **eight** marks.
(3×8=24)

2. State briefly the functions of following departments :
 - i) Purchase Department
 - ii) Stores Department
3. What is ABC analysis ? What are its advantages ?

P.T.O.



4. From the following particulars, calculate wages of three workers under
- 1) Taylor's differential piece-rate system.
 - 2) Merrick's differential piece-rate system.
- Standard production per hour 6 units
Normal rate per hour ₹ 120
In an 8 hour day, production of three workers x = 38 units, y = 45 units and z = 60 units.
5. The following data of costing information related to a company for the month of 31-3-2012.

	Stock (01-03-2012)	Stock (31-3-2012)
Raw-materials	2,50,000	2,60,000
Finished goods	1,70,000	1,60,000
Work-in-progress	80,000	90,000
Purchase of Raw-materials		3,00,000
Direct wages		1,70,000
Works Expenses		88,000
Office Expenses		30,000
Selling and Distribution Expenses		40,000
Sale of Finished goods		6,70,000
Income Tax		2,00,000
Dividend		10,000

Prepare a statement of cost showing :

- | | |
|----------------------|-----------------------|
| a) Material consumed | b) Prime cost |
| c) Factory cost | d) Cost of production |
| e) Cost of sales | f) Net profit |

6. What is overhead ? Briefly explain its functional classifications.

SECTION – C

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

(4×15=60)

7. From the following particulars, prepare Stores Ledger Account and pricing under LIFO method :

Month

March 2013

- 1st Opening stock 200 tonnes @ ₹ 480 per tonne
6th Issued 140 tonnes
7th Purchased 350 tonnes @ ₹ 460 per tonne



- 8th Condemned due to deterioration in quality and transferred to scrap
30 tonnes (loss)
- 9th Issued 80 tonnes
- 14th Issued 210 tonnes
- 17th Purchased 200 tonnes @ ₹ 480 per tonne
- 20th Issued 280 tonnes
- 25th Purchased 280 tonnes @ ₹ 470 per tonne
- 28th Issued 280 tonnes

Excess found in stock 43 tonnes due to wrong weighing on 21st March.

8. Dravid produced and sold 1000 units of a product in Jan. 2013 for which the following particulars are available.

	(in ₹)
Stock of materials on 1-1-2013	6,000
Purchase of materials in Jan. 2013	1,44,000
Wages	55,000
Factory overhead for the month	60,000
Stock of materials on 31-1-2013	10,000
Administration and selling overhead per unit ₹ 25	
Selling price per unit ₹ 300	

From the above particulars you are required to

- a) Prepare a cost statement for Jan. 2013
- b) Estimated sales price per unit of the same product for Feb. 2013 assuming
- 20% increase in material cost
 - 10% decrease in direct wages
 - 5% increase in factory overhead
 - 20% reduction in administration and selling overhead charges
 - Same percentage of profit on sales price as in Jan. 2013.
9. The Manoj Co., is having four departments A, B and C are producing department and D is a servicing department. The actual cost for a period are as follows :

	(in ₹)		(in ₹)
Rent	20,000	Supervision	30,000
Repair	12,000	Insurance on materials	10,000
Depreciation	9,000	Employees insurance	3,000
Light	2,000	Power	18,000



The following data are also available in respect of four departments :

	A	B	C	D
Area in sq. ft.	150	110	90	50
No. of workers	24	16	12	8
Total wages (in ₹)	8,000	6,000	4,000	2,000
Value of plant (in ₹)	24,000	18,000	12,000	6,000
Value of stock (in ₹)	15,000	9,000	6,000	—

Apportion the cost to various departments on the most equitable basis and service department cost to production department in 4 : 4 : 2 ratio.

10. The two components A and B are used in the manufacture of an article. The following data relate to the components :

Normal usage	–	100 units per week each
Minimum usage	–	50 units per week each
Maximum usage	–	150 units per week each
Re-order quantity	A –	400 units B – 600 units
Re-order period	A –	6 to 8 weeks
	B –	3 to 5 weeks

Calculate for each components

- | | |
|-------------------|------------------------|
| a) Re-order level | b) Minimum level |
| c) Maximum level | d) Average stock level |

11. From the following prepare a Reconciliation statement :

	(in ₹)
a) Net loss as per costing records	1,72,400
b) Works overhead under recovered in costing	3,120
c) Administration overhead in excess in costing	1,700
d) Depreciation charged in Financial Accounts	11,200
e) Depreciation recovered in Cost Accounts	12,500
f) Interest received not included in costing	8,000
g) Obsolescence loss charged in financial records	5,700
h) Income tax provided in financial books	40,300
i) Bank interest credited in financial books	750
j) Stores adjustment credited in financial books	475
k) Value of opening stock in cost accounts	52,600
l) Value of opening stock in Financial Accounts	54,000
m) Value of closing stock in Cost Accounts	52,000
n) Value of closing stock in Financial Accounts	49,600