

MS – 434

**IV Semester B.Com. Examination, May 2016
(CBCS) (Freshers) (2015-16 and Onwards)
COMMERCE
Paper – 4.4 : Cost Accounting**

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written completely in English or Kannada.

SECTION – A

1. Answer any five sub-questions. Each sub-question carries two marks. (5×2=10)
- What are the elements of cost ?
 - What is ABC Analysis ?
 - What is overtime ?
 - What is Time Keeping ?
 - What is Purchase order ?
 - State the purpose of preparing a Reconciliation Statement.
 - What is on-cost ?

SECTION – B

Answer any three questions. Each question carries six marks. (3×6=18)

- Briefly explain any three objectives of Cost Accounting.
- From the following information, calculate economic order quantity and calculate number of orders to be placed in a year.

a) Quarterly consumption of materials	2000 units
b) Cost of placing one order	Rs. 50
c) Cost per unit	Rs. 40
d) Storage and carrying cost	8% of inventory
- From the following information, prepare a cost sheet.

Cost of production	Rs. 10,00,000
Opening stock of finished goods (at Rs. 50 per unit)	2500 units
Closing stock of finished goods	5000 units
Selling expenses at Rs. 10 per unit sold	
Profit at 20% on sales	
7500 units were sold.	

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5. Prepare a Stores Ledger under Weighted Average Method.

Date	Receipts units	Rate per unit	Issues units
1-3-2016	6500	20	
8-3-2016	8500	25	
12-3-2016	-	-	10000
18-3-2016	15000	30	
22-3-2016	-	-	7500
31-3-2016	-	-	3000

6. Standard time allowed for a job is 30 hours at the rate of Rs. 100 per hour. Actual time saved by a worker is 5 hours. Calculate his earning under Halsey system and Rowan system.

SECTION - C

Answer any three questions. Each question carries fourteen marks. (3x14=42)

7. From the following details, you are required to prepare a Reconciliation Statement and also ascertain profit as per financial books.

Particulars	Cost Books	Financial Books
	Rs.	Rs.
1. Profit as per cost records	3,85,000	?
2. Works overheads	68,500	72,000
3. Administration overheads	92,750	1,02,650
4. Selling overheads	45,600	38,500
5. Depreciation	-	62,850
6. Stores Adjustment (Credit) in P/L a/c	-	7,500
7. Value of Opening stock	86,400	75,000
8. Value of Closing stock	94,800	86,400
9. Reserve for Bad debts	-	16,050
10. Interest on Bank Deposits Received	-	16,750
11. Loss on sale of Machinery	-	15,000
12. Tax provision	-	42,750
13. Interest on Bank loan paid	-	18,250

8. The following particulars are obtained from the books of PQR Co. Ltd. for the year 2014-15.

Particulars	Amount (Rs.)
Stocks on 1-4-2014:	
• Raw Materials	75,000
• Finished Goods	60,000
Stocks on 31-3-2015:	
• Raw Materials	78,600
• Finished Goods	76,800

Purchase of Raw Materials	3,40,400
Direct Wages	2,50,000
Factory on cost	1,50,000
Office overhead	2,75,000
Selling on cost	75,000
Sales	15,00,000

During the year 2015-16 the company has to submit a quotation for an order. It is estimated that the direct materials, direct wages and selling expenses required would cost Rs. 5,00,000, 3,50,000 and 5,000 respectively. You are required to :

- Prepare a cost sheet for 2014-15.
 - Calculate the percentage of works on cost against productive wages and office overhead to works cost for the year 2014-15.
 - Prepare a quotation for 2015-16 based on previous year's percentages on the assumption that 20% profit is expected on cost.
9. The following details are obtained from the books of X Co. Ltd. for the month of March 2016.

Stock on 1st March 2016, 7500 units at 40 per unit.

Date	Particulars
March 2016	
2	Purchased 8000 units at Rs. 38 per unit
4	Purchased 6500 units at Rs. 42 per unit
5	Issued 6800 units
7	Issued 3500 units
8	Purchased 10000 units at Rs. 45 per unit
15	Issued 8600 units
18	Issued 2450 units
22	Issued 7550 units
24	Purchases 20000 units at Rs. 48 per unit
25	Purchased 15000 units at Rs. 50 per unit
28	Issued 22500 units
30	Issued 3750 units

Stock taking was conducted on 31st March 2016 which revealed that there was a shortage of 300 units. Prepare a Stores Ledger under FIFO method.

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10. A factory has three Production Departments and two Service Departments. The overhead departmental distribution summary shows the following :

Departments	Amount (Rs.)
A	3,00,000
B	3,50,000
C	2,00,000
P	80,000
Q	60,000

The Service departmental expenses of P and Q are to be allotted on a percentage basis as follows :

Particulars	Production Departments			Service Departments	
	A	B	C	P	Q
Service Departments					
P	30%	20%	30%	-	20%
Q	40%	30%	20%	10%	

Prepare a Secondary overhead distribution statement under :

- Repeated Distribution Method and
 - Simultaneous Equation Method.
11. The following details are related to Machine X.
- Cost of Machine Rs. 5,00,000
 - Estimated life 10 years
 - Transportation charges Rs. 1,50,000
 - Scrap value Rs. 50,000
 - Yearly working hours 2750 hours
 - Machine maintenance hours 250 hours
 - Setting up time is estimated at 200 hours which is regarded as productive time
 - Motive power 20 units per hour at Rs. 10 per unit
 - Oil and other consumables Rs. 2,000 p.m.
 - Rent Rs. 4,000 p.m. of which $\frac{1}{4}$ is allocated to this machine
 - Supervisor salary Rs. 5,000 p.m. ($\frac{1}{5}$ of his time is devoted to this machine)
 - Other departmental overhead allocated to this machine Rs. 7,500 p.m.
 - Repairs and maintenance cost of the machine Rs. 24,000 p.a.
 - Lighting Rs. 15,000 p.a. (there are 20 light points in the shop of which 5 light points are related to this machine)

Calculate Machine Hour Rate.