



QP – 268

**III Semester B.Com. Examination, March/April 2022
(CBCS) (Fresh) (2021-2022 and Onwards)
COMMERCE**

Paper – 3.5 : Elements of Costing

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**

- a) Define Cost Accounting.
- b) Mention any 2 advantages of installing costing system.
- c) What is overtime ?
- d) Give two examples of selling and distribution overheads.
- e) What is variable over heads? Give two examples.
- f) What is meant by reconciliation statement ?
- g) What is material requisition ?

SECTION – B

Answer **any three** questions. **Each** question carries **five** marks. **(3×5=15)**

2. From the following figures prepare a cost sheet showing the cost per unit and profit for the period :

Raw material consumed Rs. 1,28,000.

Direct wages Rs. 76,800.

P.T.O.



Factory overhead Rs. 25,600.

Office overhead 10% of factory cost.

Selling overhead Rs. 3.50 per unit.

Units produced 5,000. Units sold 4,500 at Rs. 70 each.

3. Calculate Re-order level, maximum level and minimum level from the following information :

Reorder quantity 48,000 units,

Maximum consumption 12,000 units per week,

Normal consumption 8,000 units per week,

Minimum consumption 4,000 units per week,

Reorder period 4 to 6 weeks.

4. Prepare a Stores Ledger under Weighted Average Method.

Date	Receipts units	Rate per unit	Issues unit
1-3-2021	9,100	28	—
8-3-2021	—	—	14,000
6-3-2021	11,900	35	—
18-3-2021	21,000	42	—
26-3-2021	—	—	10,500
31-3-2021	—	—	4,200

5. Standard time allowed to complete a job is 50 hours. Hourly rate is 20, worker 'A' complete the job in 40 hours and 'B' completes in 60 hours. Calculate the earnings of the workers under Halsey and Rowan plans.



6. Compute machine hour rate from the following details :

Cost of machine	Rs. 4,32,000
Installation charge	Rs. 48,000
Life of machine	10 years
Working hours	2000 hours
Repair charges	50% of depreciation
Power	10 units per hour at 20 paise per unit
Oil (lubricating)	Rs. 8/- per day of 8 hours
Consumable stores	Rs. 40/- per day
Operator wages	Rs. 16/- per day

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

7. The following data are obtained from Shashidhar Co. Ltd. for the 31st December 2021.

	Rs.
Raw material usage	8,64,000
Direct wages	7,20,000
Factory overhead	4,32,000
Administrative overhead	4,09,600
Selling and distribution overhead	5,04,000
Profit	5,84,640



- a) Prepare a cost sheet.
- b) In 2022, the company received an order. It is estimated that direct materials and direct wages required will be Rs. 8,32,000 and labour Rs.7,20,000. What should be the price for which a job intends to earn the same rate of profit on sales as in 2021 ?

Assuming that selling and distribution overhead have gone up by 15%, the factory recovers factory overhead as a percentage on direct wages, administration and selling and distribution overhead as a percentage on work cost, based on cost prevailing in the previous year.

8. The following details are obtained from the books of A Co. Ltd. for the month of March 2021.

Stock on 1st March 2021, 10,500 units at Rs. 56 per unit.

Date	Particulars
March 2021	
02	Purchased 11,200 units at Rs. 53.2 per unit
03	Purchased 9,100 units at Rs. 58.8 per unit
05	Issued 9,520 units
06	Issued 4,900 units
07	Purchased 14,000 units at Rs. 63 per unit
14	Issued 12,040 units
17	Issued 3,430 units

- 21 Issued 10,570 units
- 23 Purchases 28,000 units at Rs. 67.2 per unit
- 24 Purchased 21,000 units at Rs. 70 per unit
- 29 Issued 36,750 units.

Stock taking was conducted on 31st March 2021 which revealed that there was a shortage of 420 units. Prepare a Stores ledger under FIFO method.

9. From the following information for the year ending 31st December 2021 the company request you to apportion the expenses to various departments on an equitable basis and reapportion the service department costs to production departments as given below. Service department X to production departments in the ratio of 3 : 2 : 1 and service department Y to production departments in the ratio of 4 : 3 : 2.

Particulars	Production Dept.			Service Depts	
	A	B	C	X	Y
Floor Space (square feet)	2,000	2,500	3,000	2,000	500
Light points	20	30	40	20	10
HAP. of machines	120	60	100	20	-
Cost of Machinery (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	4,670	3,020	3,050	-	-



The expenses were as follows :

	Rs.		Rs.
Rent and Rates	14,000	Depreciation	28,000
Lighting	1,680	Insurance	7,000
Indirect wages	4,200	Indirect materials	5,600
Power	4,200	Sundry charges	28,000

10. Overhead costs of Service department before distribution of Production department costs are as follows :

Depts.	Amounts (Rs.)
A	6,50,000
B	6,00,000
C	5,00,000
P	1,20,000
Q	1,00,000

The costs of service departments P and Q are to be charged on production and dept. A, B and C on the basis of following percentages :

Particulars	Production Depts.			Service Depts.	
	A	B	C	P	Q
Service Depts.					
P	30%	40%	15%	–	15%
Q	40%	30%	25%	5%	–

Find the total overheads of production departments by using the following methods :

- Simultaneous equation method.
- Repeated distribution method.

11. From the following figures, prepare a reconciliation statement and find out profit as per financial accounts.

	Amount (Rs.)
a) Net profit as per cost accounts	8,56,000
b) Works overhead under recovered	13,424
c) Administration overhead recovered in excess	10,180
d) Depreciation charged in Financial A/cs	59,420
e) Depreciation recovered in cost accounts	75,918
f) Obsolescence loss is charged in financial books	20,725
g) Stores adjustment (credit) financial books	3,565
h) Income tax provided in Financial A/c's	72,720
i) Depreciation of stock charged in Financial A/c's	33,420
j) Bank interest and transfer fee credited financial books	5,050
k) Loss due to theft provided in financial books	2,345

SECTION – D

Answer the following **compulsory** question.

(1×9=9)

12. A) What is bin card? prepare bin card using imaginary figures (minimum 6 items)

OR

B) Give the format of the following :

- a) Materials requisition
- b) Materials transfer note
- c) Bill of materials.