

IV Semester B.Com. Examination, August/September 2023
(NEP Scheme)
COMMERCE
4.2 : Cost Accounting

Time : 2½ Hours

Max. Marks : 60

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

SECTION – A

Answer any six sub-questions. Each sub-question carries 2 marks. (6×2=12)

1. a) State three advantages of cost accounting to management.
- b) What are the constituents of prime cost ?
- c) What is Material Requisition Note (MRN) ?
- d) What is Idle time ? Mention two reasons.
- e) Define overhead.
- f) State any two reasons for reconciliation.
- g) What do you mean by a cost centre ?
- h) Calculate EOQ, from the following :

Annual consumption 12000 units, cost per unit ₹ 1, ordering cost ₹ 12 per order, Inventory carrying charges 24%.

SECTION – B

Answer any three questions. Each question carries 4 marks. (3×4=12)

2. M/s Disha Ltd., furnishes the following data, prepare cost sheet showing a cost per unit and profit for the period.

Raw-materials consumed ₹ 40,000

Direct wages ₹ 24,000

Machine hours worked ₹ 4,000

Machine hour rate ₹ 2

Office overhead 10% of factory cost

Selling overhead ₹ 1.50 per unit

Units produced 2,000, units sold 1,800 at ₹ 50 each.



3. Calculate re-order level, maximum level and average level of stock from the following information :

Re-order quantity 1500 units

Re-order period 4 to 6 weeks

Maximum consumption 400 units per week

Normal consumption 300 units per week

Minimum consumption 250 units per week.

4. Prepare a stores ledger account under simple average method.

Date	Receipt Quantity	Rate per unit	Issue quantity
Jan. 2	400 units	2.00	—
Jan. 10	600 units	2.40	—
Jan. 15	—	—	500 units
Jan. 18	500 units	2.60	—
Jan. 20	—	—	400 units

5. What is labour turnover ? Discuss the steps to be taken for minimizing labour turnover.
6. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is ₹ 81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be earnings per hour of worker under Halsey (50% saving) and Rowan bonus scheme ?

SECTION – C

Answer any three questions. Each question carries 12 marks.

(3×12=36)

7. Prakyath Ltd., furnish the following information for 10000 units of a product manufactured during the year 2021.

Material ₹ 45,000

Direct wages ₹ 30,000

Power and consumable stores ₹ 6,000

Indirect wages ₹ 7,500

Factory lighting ₹ 2,750

Cost of rectification of defective work ₹ 1,500

Clerical salaries and management expenses ₹ 16,750

Selling expenses ₹ 2,750

Repairs, maintenance and depreciation of plant ₹ 5,250

The net selling price was ₹ 31.60 per unit sold and all units were sold.

As from 1-1-2022, the selling price was reduced to ₹ 31 per unit. It was estimated that production could be increased in 2022 by 50% due to spare capacity.

Rates of material and direct wages will increase by 10%. You are required to prepare

- Cost sheet for the year 2021 showing various elements of cost per unit and
- Estimated cost and profit for 2022.

Assume that 15000 units will be produced and sold during the year and factory overheads will be recovered as a percentage of direct wages and office and selling expenses as a percentage of work cost.

8. Prepare store ledger account under

- FIFO
- LIFO methods.

1 st Jan.	Opening stock	200 pieces @ ₹ 2 each
5 th Jan.	Purchases	100 pieces @ ₹ 2.20 each
10 th Jan.	Purchases	150 pieces @ ₹ 2.40 each
20 th Jan.	Purchases	180 pieces @ ₹ 2.50 each
2 nd Jan.	Issues	150 pieces
7 th Jan.	Issues	100 pieces
12 th Jan.	Issues	100 pieces
28 th Jan.	Issues	200 pieces

9. i) What are the essentials of a good wage payment system ?

ii) From the following particulars prepare the labour cost sheet per man-day of 8 hours :

- Basic salary ₹ 2 per day.
- Dearness allowance 25 paise for every point over 100 cost of living Index for working class, current cost of living Index 600 points.
- Leave salary 10% of a) and b).
- Employer's contribution to provident fund 8% of a + b + c.
- Employer's contribution to state insurance 2.5% of a + b + c.
- Expenditure on amenities to labour ₹ 20 per head per month.
- Number of working days in a month 25 days of 8 hours each.

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10. The firm has three production department A, B and C and two service departments X and Y. The following figures are extracted from the books of the firm.

Depreciation ₹ 4,000

Indirect wages ₹ 600

Lighting ₹ 240

Power ₹ 600

Rent ₹ 2,000

Others ₹ 4,000

4.

Other particulars :

	A	B	C	X	Y
Floor space (sq. feet)	400	500	600	400	100
Direct wages (₹)	900	600	900	900	700
Light points	20	30	40	20	10
H.P. of the machines	75	30	25	10	-
Value of machinery (₹)	12,000	16,000	20,000	1,000	1,000
Working hours	3113	2014	2033	-	-

5.

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

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	20%	20%	-

6.

You are requested to distribute the service department expenses to the production department (A, B and C) and calculate hourly rate of each production department.

11. From the following figures, prepare a reconciliation statement and determine financial profit :

A

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	₹
Net profit as per costing books	66,760
Factory overhead under-recovered in costing	5,700
Administration overhead recovered in excess	4,250
Depreciation charged in financial books	3,860
Depreciation recovered in costing	3,950
Interest received but not included in costing	450
Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment (credited in financial books)	420
Depreciation of stock charged in financial accounts	860
Dividends appropriated in financial accounts	1,200
Loss due to theft and pilferage provided only in financial books	260