IV Semester B.Com. Examination, May 2017
(Fresh + Repeaters) (CBCS)
(2015-16 and Onwards)
COMMERCE
Paper – 4.4 : Cost Accounting

Time : 3 Hours
Max. Marks : 70

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

SECTION – A

1. Answer any five sub-questions. Each sub-question carries 2 marks. (5x2=10)
   a) Define cost.
   b) Give two examples of selling and distribution overheads.
   c) What is meant by over time?
   d) What is material requisition?
   e) Write two merits of piece rate system.
   f) Write any two differences between cost accounting and financial accounting.
   g) What is Reconciliation Statement?

SECTION – B

Answer any three questions. Each question carries six marks. (3x6=18)

2. What are the essentials of a good wage payment system?

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material consumed</td>
<td>40,000</td>
</tr>
<tr>
<td>Direct wages</td>
<td>24,000</td>
</tr>
<tr>
<td>Factory overhead</td>
<td>8,000</td>
</tr>
</tbody>
</table>

Office overhead 10% of factory cost selling overhead ₹ 1.50 per unit. Units produced 2000. Units sold 1800 at ₹ 50 each.

P.T.O.
4. Following transactions relate to the Receipts and issue of material 'Z'.

**Receipts:**
- 3-10-2015: 1000 units @ ₹ 8 per unit
- 13-10-2015: 1800 units @ ₹ 8.60 per unit
- 23-10-2015: 1200 units @ ₹ 7.60 per unit

**Issues:**
- 5-10-2015: 800 units
- 15-10-2015: 800 units
- 25-10-2015: 1200 units

Prepare stores ledger under weighted average method.

5. From the following particulars compute machine hour rate:

\[
\begin{align*}
\text{Cost of machine} & : 1,14,800 \\
\text{Installation charges} & : 5,400 \\
\text{Anticipated life of machine} & : 10 \text{ years} \\
\text{Scrap value at the end of} & : 5,000 \\
\text{Rent and rates per annum} & : 12,000 \\
\text{Insurance per annum} & : 3,000 \\
\text{Power cost is} 5 \text{ units per hour @} & : 0.40 \text{ paise per unit.} \\
\text{There are 300 working days of} & : 8 \text{ hours each in a year.}
\end{align*}
\]

6. From the following calculate the earnings of workers A, B, C under Halsey plan and Rowan scheme of payment:

<table>
<thead>
<tr>
<th>Worker</th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard time (Hours)</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Actual (Hours)</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Basic wages per hour</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

SECTION – C

Answer any three questions. Each question carries fourteen marks. (3×14=42)

7. From the following figures compute machine hour rate for machines X, Y, Z for a four week period, each machine is expected to work 216 hours.

\[
\begin{align*}
\text{Rent and Rates} & : 30,000 \\
\text{Lighting} & : 4,000 \\
\text{Depreciation} & : 20,000 \\
\text{Indirect wages} & : 20,000 \\
\text{Power} & : 12,000 \\
\text{Sundries} & : 30,000 \\
\text{Canteen expenses} & : 2,000 \\
\text{Repairs} & : 8,000 \\
\text{Total} & : 1,26,000
\end{align*}
\]
Space occupied (Sq.ft.)
Light points
Cost of machine (Rs.)
No. of workers
Power actuals (₹)
Direct wages

<table>
<thead>
<tr>
<th></th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>200</td>
<td>400</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>60</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>2,50,000</td>
<td>1,50,000</td>
<td>1,00,000</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>5,000</td>
<td>3,000</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>40,000</td>
<td>60,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

8. The following data is furnished by a company for the year 2015:
   Stock of material on 1-1-2015
   Stock of material on 31-12-2015
   Purchases of materials
   Wages
   Factory overheads
   Administration overhead
   Closing stock of finished goods
   Sales
   Production during 2015, 5000 units.
   The company wants to quote for a contract for the supply of 1000 units during
   the year 2016. The cost of material is expected to increase by 15% and wages
   by 10%. Prepare a statement of cost for the year 2015 and a tender statement
   for 2016 showing the price to be quoted per unit, if the same percentage of profit
   is maintained as in the previous year.

9. From the following data prepare stores ledger account under FIFO method.
   Stock on 1st March 2015, 15000 units at 20/unit.
   **Purchases**
   **Date**    | Units | Rate per unit (₹)
   ------------|-------|-------------------
   March 2     | 16000 | 19                
   4           | 13000 | 21                
   8           | 20000 | 22.50             
   24          | 40000 | 24                
   25          | 30000 | 25                
   **Issues**  | Units |
   **Date**    |       |
   March 5     | 13600 |
   7           | 7000  |
   15          | 17200 |
   18          | 4900  |
   22          | 15100 |
   28          | 45000 |
   On 31-3-2015 stock checking revealed a shortage of 600 units.
10. From the following, prepare a Reconciliation statement, calculate profits as per Financial Accounts:
   a) Net profit as per costing records 1,72,400
   b) Works overhead under recovered in costing 3,120
   c) Administrative overhead recovered in excess 1,700
   d) Depreciation charged in financial records 11,000
   e) Interest received but not included in costing 8,000
   f) Income tax provided in financial books 40,300
   g) Bank interest credited in financial books 750
   h) Stores adjustment credited in financial books 475
   i) Depreciation of stock charged in financial books 6,750
   j) Depreciation recovered in costing 12,300

11. From the following, you are required to calculate the earnings of a worker for a week under:
   a) Straight piece rate system
   b) Taylor's differential piece rate system
   c) Halsey premium plan and
   d) Rowan premium plan.
      Weekly working hours 48
      Hourly wage rate (₹) 30
      Piece rate per unit (₹) 12
      Normal time allowed per piece 12 minutes
      Normal output per week 240 pieces
      Actual output for the week 300 pieces

Differeential piece rate 80% of piece rate when output is below normal and 120% of piece rate when output above normal.

1. (5×2=10)
   a) ಪ್ರತಿ ದಿನಕ ಆಧಾರದಲ್ಲಿ ಸರಳವಾದ ರಂಧ್ರದ ಮೇಲೆ ಅರೂಪ ಲೇಪದನ್ನು ಮೂಲಸೃಷ್ಟಿಗಾಯಿತು. ತಿಂಗಳಿಗೆ ಸರಳವಾದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿಗಾಯಿತು ಎಂದು ಸಮರೂಪವಾಯಿತು.
   b) ಸರಳವಾದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿ ಮೂಲಸೃಷ್ಟಿಯ ಮೂಲಕ ಮುತ್ತುಗಾರರು ಸರಳದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿಗಾಯಿತು.
   c) ಸರಳವಾದ ರಂಧ್ರದ ಎದುರುವ ಎಷ್ಟು?
   d) ಸರಳದ ರಂಧ್ರದ ಎದುರುವ ಎಷ್ಟು?
   e) ಹಲ್ಮದಯಾರ ಸರಳವಾದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿಯ ಮೂಲಕ ಸರಳವಾದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿಗಾಯಿತು.
   f) ಸರಳವಾದ ರಂಧ್ರದ ಎಷ್ಟು? ಸರಳದ ಮೂಲಸೃಷ್ಟಿಯ ಮೂಲಕ ಸರಳವಾದ ರಂಧ್ರದ ಮೂಲಸೃಷ್ಟಿಗಾಯಿತು.
   g) ಸರಳವಾದ ರಂಧ್ರದ ಎಷ್ಟು?
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COMMERCE 
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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.  \(5 \times 2 = 10\)
   a) What are the elements of cost ?
   b) What is ABC Analysis ?
   c) What is overtime ?
   d) What is Time Keeping ?
   e) What is Purchase order ?
   f) State the purpose of preparing a Reconciliation Statement.
   g) What is on-cost ?

SECTION – B

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

2. Briefly explain any three objectives of Cost Accounting.

3. 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

4. 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.

P.T.O.
5. Prepare a Stores Ledger under Weighted Average Method.

<table>
<thead>
<tr>
<th>Date</th>
<th>Receipts units</th>
<th>Rate per unit</th>
<th>Issues units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3-2016</td>
<td>6500</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>8-3-2016</td>
<td>8500</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>12-3-2016</td>
<td></td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td>18-3-2016</td>
<td>15000</td>
<td>30</td>
<td>7500</td>
</tr>
<tr>
<td>22-3-2016</td>
<td></td>
<td></td>
<td>3000</td>
</tr>
<tr>
<td>31-3-2016</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost Books (Rs.)</th>
<th>Financial Books (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Profit as per cost records</td>
<td>3,85,000</td>
<td>?</td>
</tr>
<tr>
<td>2. Works overheads</td>
<td>68,500</td>
<td>72,000</td>
</tr>
<tr>
<td>3. Administration overheads</td>
<td>97,500</td>
<td>1,02,650</td>
</tr>
<tr>
<td>4. Selling overheads</td>
<td>45,600</td>
<td>38,500</td>
</tr>
<tr>
<td>5. Depreciation</td>
<td>62,850</td>
<td>-</td>
</tr>
<tr>
<td>6. Stores Adjustment (Credit in P/L a/c)</td>
<td>7,500</td>
<td>-</td>
</tr>
<tr>
<td>7. Value of Opening stock</td>
<td>86,400</td>
<td>75,000</td>
</tr>
<tr>
<td>8. Value of Closing stock</td>
<td>94,800</td>
<td>86,400</td>
</tr>
<tr>
<td>9. Reserve for Bad debts</td>
<td>-</td>
<td>16,050</td>
</tr>
<tr>
<td>10. Interest on Bank Deposits Received</td>
<td>-</td>
<td>16,750</td>
</tr>
<tr>
<td>11. Loss on sale of Machinery</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>12. Tax provision</td>
<td>-</td>
<td>42,750</td>
</tr>
<tr>
<td>13. Interest on Bank loan paid</td>
<td>-</td>
<td>15,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks on 1-4-2014:</td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>75,000</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>60,000</td>
</tr>
<tr>
<td>Stocks on 31-3-2015:</td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>78,600</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>76,800</td>
</tr>
</tbody>
</table>
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 costs 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:

b) Calculate the percentage of works on cost against productive wages and office overhead to works cost for the year 2014-15.
c) 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.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2016</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Purchased 8000 units at Rs. 38 per unit</td>
</tr>
<tr>
<td>4</td>
<td>Purchased 8500 units at Rs. 42 per unit</td>
</tr>
<tr>
<td>5</td>
<td>Issued 6800 units</td>
</tr>
<tr>
<td>7</td>
<td>Issued 3500 units</td>
</tr>
<tr>
<td>8</td>
<td>Purchased 10000 units at Rs. 45 per unit</td>
</tr>
<tr>
<td>15</td>
<td>Issued 8600 units</td>
</tr>
<tr>
<td>18</td>
<td>Issued 2450 units</td>
</tr>
<tr>
<td>22</td>
<td>Issued 7550 units</td>
</tr>
<tr>
<td>24</td>
<td>Purchases 20000 units at Rs. 48 per unit</td>
</tr>
<tr>
<td>25</td>
<td>Purchased 15000 units at Rs. 50 per unit</td>
</tr>
<tr>
<td>28</td>
<td>Issued 22500 units</td>
</tr>
<tr>
<td>30</td>
<td>Issued 3750 units</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Departments</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3,00,000</td>
</tr>
<tr>
<td>B</td>
<td>3,50,000</td>
</tr>
<tr>
<td>C</td>
<td>2,00,000</td>
</tr>
<tr>
<td>P</td>
<td>80,000</td>
</tr>
<tr>
<td>Q</td>
<td>60,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Production Departments</th>
<th>Service Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Service Departments</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>P</td>
<td>40%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Prepare a Secondary overhead distribution statement under:

a) Repeated Distribution Method and

b) 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
- Mctive power 20 units per hour at Rs. 10 per unit
- Oil and other consumables Rs. 2,00,000 p.m.
- Rent Rs. 4,00,000 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.