

**7013**

**III Semester 5 Year B.Com.LL.B.
Examination, March/April 2023 (December 2022)
COST ACCOUNTING**

Duration : 3 Hours

Max. Marks : 80

Instructions : 1. Answer all five Units.

2. One essay type question and short note/problem is compulsory from each Unit.

3. Figures to the right indicate marks.

4. Use simple calculator only.

Q. No. 1. a) What is cost ? What are the various elements of cost ?

Marks : 10

OR

Q. No. 1. a) Following extract of costing information is given for the half year ending 31-12-2015 :

Marks : 10

	Rs.
Purchase of Raw Material	1,20,000
Works overhead	48,000
Direct Wages	1,00,000
Carriage inwards	1,440
Stock on 01-07-2015 :	
Raw Materials	20,000
Finished products (1000 tonnes)	16,000
Stock on 31-12-2015 :	
Raw Materials	22,240

P.T.O.



Finished products (2000 tonnes) ?

Work-in-progress :

On 01-07-2015 4,800

On 31-12-2015 16,000

Sales finished products 3,00,000

Selling and distribution overheads are Rs. 1 per tonne sold 16000 tonnes of commodity were produced during the period.

Ascertain :

- 1) Cost of Raw Materials used
- 2) Cost of sales
- 3) Net Profit for the period if Profit of 15% on sales is desired.

Q. No. 1. b) Explain the objectives of costing.

Marks : 6

OR

Q. No. 1. b) Ascertain prime cost, works cost, cost of production, cost of Sales and Profit.

Marks : 6

	Rs.
Direct Material	5,000
Direct Labour	2,500
Direct Expenses	1,000
Factory Expenses	1,500
Admin. Expenses	800
Selling Expenses	700
Sales	15,000



Q. No. 2. a) Explain the various methods of inventory control. Marks : 10

OR

Q. No. 2. a) 'A' Ltd. furnishes the following store transaction for September 2006 : Marks : 10

1-9-06 – Opening balance 25 Units @ 6.5/- per Unit

4-9-06 – Issued 8 Units

6-9-06 – Received – 50 Units @ Rs. 5.75/- per Unit

7-9-06 – Issued 12 Units

12-9-06 – Issued 15 Units

13-9-06 – Issued 20 Units

15-9-06 – Received 25 Units @ Rs. 6.10 per Unit

17-9-06 – Issued 10 Units

Prepare stores ledger under FIFO Method and LIFO method.

Q. No. 2. b) Write a short note on material purchase procedure. Marks : 6

OR

Q. No. 2. b) Calculate EOQ from the following information. Also state the number of orders to be placed in a year. Marks : 6

Consumption per annum – 10000 kgs

Ordering cost – Rs. 50

Carrying cost – 0.16



- Q. No. 3. a) What is 'labour turnover' ? What are the causes and effects of labour turnover ?

Marks : 10

OR

- Q. No. 3. a) From the following data calculate the total earnings and effective rate of earnings of a worker under Halsey Plan and Rowan Plan.

Marks : 10

- a) Standard time = 48 hours
- b) Time rate = ₹ 20/hour
- c) Actual time taken = 40 hours

- Q. No. 3. b) Explain 'Time booking'.

Marks : 6

OR

- Q. No. 3. b) Calculate the earnings of a worker Mr. A and Mr. B under Taylor's differential Piece rate system.

Marks : 6

- a) Standard production = 8 Units/hour
- b) Normal piece rate = ₹ 10/Unit
- c) In a day of 9 hours, Mr. A produced 70 Units and Mr. B produced 75 Units.

- Q. No. 4. a) What are overheads ? Explain the classification of overheads.

Marks : 10

OR



- Q. No. 4. a) XYZ Ltd. has 3 production departments P_1 , P_2 and P_3 and 2 service departments S_1 and S_2 . The following data is available from their books.

Marks : 10

	Rs.
Rent and Rates	62,500
General Lighting	7,500
Indirect Wages	18,750
Power	25,000
Depreciation on machine	50,000
Insurance	20,000

Other Information :

	P_1	P_2	P_3	S_1	S_2
Direct Wages	37500	25000	37500	18750	6250
HP of machines	60	30	50	10	—
Cost of machines	3L	4L	5L	25000	25000
Floor space (sq. ft)	2000	2500	3000	2000	500
Light points	10	15	20	10	5

Expenses of service departments S_1 and S_2 are re-apportioned as below.

	P_1	P_2	P_3	S_1	S_2
S_1	20%	30%	40%	—	10%
S_2	40%	20%	30%	10%	—

Apportion the cost of various departments on the most equitable basis.



Q. No. 4. b) A company has 3 production departments P_1 , P_2 and P_3 and 2 service departments S_1 and S_2 . The cost as per primary distribution summary is given below.

Marks : 6

P_1 – Rs. 800 P_2 – Rs. 700 P_3 – Rs. 500 S_1 – Rs. 234
 S_2 – Rs. 300

The expenses of S_1 and S_2 are charged out on a percentage basis as follows.

	P_1	P_2	P_3	S_1	S_2
S_1	20%	40%	30%	–	10%
S_2	40%	20%	20%	20%	–

Prepare a statement showing apportionment of 2 service department expenses to P_1 , P_2 and P_3 through repeated distribution method.

OR

Q. No. 4. b) From the following particulars compute the machine hour rate.

Marks : 6

- Cost of machine = ₹ 11,000
- Scrap value = ₹ 680
- Repairs for the effective working life ₹ 1,500
- Standing charge for 4 weekly period = ₹ 1,600
- Effective working life = 10000 hrs.
- Power used 6 Units/hour at 5 paise/Unit
- Hours worked in four weekly period 120 hours



Q. No. 5. a) The following data is given

Marks : 10

Particular

Selling price	₹ 20/Unit
Variable manufacturing cost	₹ 11/Unit
Variable selling cost	₹ 3/Unit

Fixed factory overhead	₹ 5,40,000/year
Fixed selling cost	₹ 2,52,000/year

You are required to compute

- 1) Breakeven point expressed in amount of sales in Rupees.
- 2) No. of Units that must be sold to earn a Profit of ₹ 60,000 per year.
- 3) How many Units must be sold to earn a net income of 10% of sales.

OR

Q. No. 5. a) The expenses budgeted for production of 10000 Units in a factory are given below.

Marks : 10

	Rs. per Unit
Materials	70
Labour	25
Variable factory overheads	20
Fixed factory overheads (Rs. 1,00,000)	10
Variable expenses (direct)	5



Selling expenses (10% fixed) 13

Distribution expenses (20% fixed) 7

Administrative expenses (fixed – 50000) 5

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Prepare a budget for production of 6000 Units and 8000 Units.

- Q. No. 5. b) Prepare cash budget for the months October, November and December 2015 from the following data.

Marks : 6

	Sales	Purchases	Wages
August '15	180000	124800	12000
September '15	192000	144000	14000
October '15	108000	100000	11000
November '15	174000	180000	10000
December '15	126000	175000	15000

Other Information :

- 75% of sales is on credit. 50% of which is collected in subsequent month and remaining 50% in the second month following.
- Creditors are paid in the month following the purchase.
- Wages are paid in the same month.
- Cash at Bank on 1-10-2015 is Rs. 5,000.

OR

- Q. No. 5. b) What is marginal costing ? What are its features ?

Marks : 6
