



7013

Third Semester 5 Yr. B.Com.,LL.B. Examination, Oct./Nov. 2021
COST ACCOUNTING

Duration : 3 Hours

Max. Marks : 80

- Instructions :**
1. Answer any five Questions from group (a) each question carries 10 marks.
 2. Answer any five Questions from group (b) each question carries 6 marks.
 3. Answers should be written either in English or Kannada completely.

Q. No. 1. a) Define Cost Accounting. Explain how it is different from Financial Accounting.

Marks : 10

Q. No. 1. b) Ascertain prime cost, works cost, cost of production, total cost and profit.

Marks : 6

| | Rs. |
|-------------------|--------|
| Raw materials | 33,000 |
| Direct labour | 12,000 |
| Direct expenses | 15,000 |
| Office rent | 5,000 |
| Factory rent | 7,000 |
| Factory insurance | 1,100 |
| Advertising | 2,500 |
| Stationery | 1,000 |
| Sales | 90,000 |

P.T.O.



- Q. No. 2. a) Calculate prime cost, factory cost, cost of production, cost of sales and profit from the following particulars :

Marks : 10

| | Rs. |
|---------------------------|------------|
| Direct materials | 1,00,000 |
| Direct wages | 20,000 |
| Direct expenses | 10,000 |
| Foreman's wages | 2,500 |
| Electric power | 500 |
| Lighting : Factory | 1,500 |
| Office | 500 |
| Rent : Factory | 5,000 |
| Office | 2,500 |
| Transfer to reserves | 1,000 |
| Depreciation on machinery | 1,250 |
| Office stationery | 500 |
| Salesman's salaries | 1,250 |
| Sales | 1,89,500 |

- Q. No. 2. b) Explain the objectives of costing.

Marks : 6

- Q. No. 3. a) Explain material purchase procedure in detail.

Marks : 10

- Q. No. 3. b) Explain 'Just-in-time' method of inventory control.

Marks : 6

- Q. No. 4. a) Write up the stores ledger under LIFO method from the following data :

Marks : 10

1/1/19 – Opening balance 300kgs@Rs. 25/kg.

3/1/19 – Purchased 500kgs@ Rs. 26.6/kg.



4/1/19 – Issued 220 kgs.

10/1/19 – Issued 440 kgs.

20/1/19 – Purchased 490 kgs @ Rs. 23/kg.

25/1/19 – Issued 300 kgs.

27/1/19 – Purchased 100 kgs @ Rs. 28/kg.

30/1/19 – Issued 50 kgs.

Q. No. 4. b) Find EOQ from the following particulars : Marks : 6

i) Annual usage – 6000 units.

ii) Cost of material per unit – Rs. 20.

iii) Cost of placing and receiving one order – Rs. 60.

iv) Annual carrying cost of one unit is 10% of inventory value.

Q. No. 5. a) What is 'labour turnover' ? What are the causes and effects of labour turnover ? Marks : 10

Q. No. 5. b) Explain time keeping. Marks : 6

Q. No. 6. a) Calculate labour turnover as per separation method, flux method and replacement method from the following data : Marks : 10

Number of workers in beginning – 8,000

Number of workers in the end – 9,600

Number of workers left – 500

Number of workers discharged – 100

Number of workers replaced – 700

Additional workers employed – 1,500

Q. No. 6. b) Calculate total earning of the worker under Halsey plan when rate per hour is Rs. 1.5, time allotted for the job is 20 hours, time taken is 15 hours. Marks : 6



Q. No. 7. a) What are overheads ? Explain the classification of overheads.

Marks : 10

Q. No. 7. b) What are the various methods of absorption of overheads ?

Marks : 6

Q. No. 8. a) ABC 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 extracted from their records.

Marks : 10

| | Rs. |
|---------------------------|------------|
| Rent and rates | 62,500 |
| General lighting | 7,500 |
| Indirect wages | 18,750 |
| Power | 25,000 |
| Depreciation on machinery | 50,000 |
| Insurance | 20,000 |

Other information :

| | P_1 | P_2 | P_3 | S_1 | S_2 |
|-------------------------|--------|--------|--------|--------|--------|
| Direct wages (Rs.) | 37,500 | 25,000 | 37,500 | 18,750 | 6,250 |
| H.P. of machines | 60 | 30 | 50 | 10 | - |
| Cost of machinery (Rs.) | 3L | 4L | 5L | 25,000 | 25,000 |
| Floor space (sq. ft.) | 2,000 | 2,500 | 3,000 | 2,000 | 500 |
| Light points | 10 | 15 | 20 | 10 | 5 |



Expenses of service departments S₁ and S₂ 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. 8. b) XYZ Ltd. has 3 production departments P₁, P₂ and P₃ and 2 service departments S₁ and S₂. The expenses as per primary distribution summary is given below :

Marks : 6

P₁ – Rs. 800, P₂ – Rs. 700, P₃ – Rs. 500, S₁ – Rs. 234, S₂ – Rs. 300.

The expenses of S₁ and S₂ 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 P₁, P₂ and P₃ through repeated distribution method.

Q. No. 9. a) Prepare cash budget for the months April, May and June 2017 :

Marks : 10

| | Sales | Purchases | Wages |
|----------|--------|-----------|-------|
| | Rs. | Rs. | Rs. |
| February | 20,000 | 10,000 | 5,000 |
| March | 30,000 | 20,000 | 4,500 |



| | | | |
|-------|--------|--------|-------|
| April | 25,000 | 15,000 | 5,000 |
| May | 35,000 | 10,000 | 6,000 |
| June | 40,000 | 18,000 | 5,500 |

Other information :

- i) Opening balance of cash on 1st April 2017 is Rs. 7,500.
- ii) 50% of sales is on credit and one month time is given to debtors.
- iii) Payment to creditors is made in the month following purchase.
- iv) Lag in payment of wages – 2 months.
- v) Dividend of Rs. 10,000 will be received in May 2017.
- vi) Income tax of Rs. 2,500 to be paid in April 2017.
- vii) Furniture of Rs. 5,000 to be bought in May.

Q. No. 9. b) Explain the advantages of budgeting. Marks : 6

Q. No. 10. a) What are budgets ? What are the different types of budgets ?
Explain. Marks : 10

Q. No. 10. b) Prepare a cash budget for the months October, November and December 2016. Marks : 6

| | Sales | Purchases | Wages |
|-----------|--------------|------------------|--------------|
| | Rs. | Rs. | Rs. |
| August | 1,80,000 | 1,24,800 | 12,000 |
| September | 1,92,000 | 1,44,000 | 14,000 |



| | | | |
|----------|----------|----------|--------|
| October | 1,08,000 | 1,00,000 | 11,000 |
| November | 1,74,000 | 1,80,000 | 10,000 |
| December | 1,26,000 | 1,75,000 | 15,000 |

Additional information :

- 1) 75% of sales are on credit 50% of which is collected in the subsequent month and the remaining 50% in the second month following the sale.
- 2) Creditors are paid in the month following purchase.
- 3) Cash at bank on 01/10/2016 – Rs. 2,500.
