

**Third Semester B.Com. Degree Examination,
October/November 2019**

(CBCS Scheme)

Commerce

COST ACCOUNTING - I

Time : 3 Hours]

[Max. Marks : 90

Instructions to Candidates : Answers should be written in English or in Kannada.

SECTION - A

Answer any **TEN** sub-questions from the following. Each sub-question carries 2 marks : (10 × 2 = 20)

- (a) Define cost accounting.
- (b) What is cost unit?
- (c) State four advantages of cost accounting.
- (d) What is cost centre?
- (e) What do you mean by cost sheet?
- (f) State the elements of cost.
- (g) What is meant by JIT analysis?
- (h) What is overtime?
- (i) What is meant by overhead cost?
- (j) What is production overhead?
- (k) What is reconciliation statement?
- (l) State any four items which are shown only in financial accounts.



SECTION - B

Answer any **FIVE** questions from the following. Each question carries 5 marks : (5 × 5 = 25)

2. Differentiate between cost accounting and financial accounting.

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3. From the following information prepare cost sheet showing the total cost and profit for the period :

	Rs.
Opening stock of raw materials	40,000
Purchase of materials	2,00,000
Closing stock of raw materials	20,000
Direct wages	1,20,000
Manufacturing overhead	25,000
General overhead 25% of works cost	
Selling overhead Rs. 4 per unit sold	
Unit sold 8000 units	
Rate of profit 25% on selling price	

4. In a manufacturing company a material is used as follows :

Maximum wage 12000 units per week

Minimum wage 4000 units per week

Normal usage 8000 units per week

Re-order quantity 48000 units

Time required for delivery 4 to 6 weeks. You are required to calculate :

- Re-order level
 - Minimum level
 - Maximum stock level.
5. A worker is allowed 18 hours to complete a job, which he completes in 12 hours. His hourly rate is Rs. 20. The material cost of the product is Rs. 200 and the overheads are recovered at 50% of direct wages. Calculate total earnings of the worker under Halsey & Rowan plan and the factory cost of the job under Halsey & Rowan plan.
6. Explain the methods of labour remuneration.
7. Explain the classification of overhead.

8. From the following information find out profit/loss as per financial accounts reconciling with costing profits :

	Rs.
Profit as per c/a	70,000
Depreciation charged in F/A	20,000
Depreciation recovered in C/A	24,000
Stores adjustment credit in F/A	2,000
Goodwill written off in F/A	6,000
Interest on own capital charged in F/A	3,000
Dividend received in F/A	5,000
Value of closing stock in C/A	70,000
Value of closing stock in F/A	76,000
Overheads charged in F/A	16,000
Overheads recovered in C/A	13,000



SECTION - C

Answer any **THREE** questions from the following. Each question carries 15 marks : (3 × 15 = 45)

9. From the following particulars,, prepare a cost statement showing the components of total cost and profit for the year ended 31st December 2018.

Particulars	1.1.2018 31.12.2018	
	Rs.	Rs.
Stock of finished goods	6,000	15,000
Stock of raw materials	40,000	50,000
Work in progress	15,000	10,000
Purchase of raw materials	47,500	
Carriage inward	12,500	
Wages	1,75,000	
Works Manager's salary	3,000	
Factory employees salaries	60,000	

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Particulars	1.1.2018	31.12.2018
	Rs.	Rs.
Factory rent and taxes etc.	7,250	
Power expenses	9,500	
Other production expenses	43,000	
General expenses	32,500	
Sales for the year	8,60,000	
Income tax	500	
Dividend	1000	
Payment for sales tax	16,000	
Selling expenses	9,250	

10. Trading and Profit & Loss a/c of S & Co. was as follows :

	Rs.		Rs.
To Purchases	25,210	By Sales (750 units)	75,000
To Direct wages	10,500	By Discount received	260
To Works expenses	12,130	By Profit on sale of land	2,340
To Selling expenses	7,100	By Closing stock	4,080
To Administration expenses	5,340		
To Distribution expenses	1,100		
To Net Profit	20,300		
	81,680		81,680

Reconcile the profits by using the following information :

- In cost accounts closing stock was valued at Rs. 4,280.
- The works expenses in cost accounts were taken as 100% of direct wages.
- Selling and administration expenses were charged at 10% of sales and Rs. 6,000 respectively in cost accounts.
- Distribution expenses in cost accounts Rs. 800.

11. Prepare stores ledger account on the basis of LIFO method for the month of April 2019.

April	1	Balance 600 units at Rs. 50 per unit
	4	Purchased 300 units at Rs. 45 per unit
	5	Issued 400 units
	7	Purchased 500 units Rs. 60 per unit
	12	Issued 600 units
	15	Issued 200 units
	19	Purchased 400 units of Rs. 65 per unit
	25	Issued 200 units
	26	Returned to stores 50 units (issued 12 th April)
	28	Issued 200 units
	29	Purchased 300 units at Rs. 55 per unit
	30	Issued 450 units



12. AB Ltd. has 3 production departments X, Y & Z and two service departments P & Q. The following are the departmental expenses for the month of March 2019.

Production Departments	Service Departments
X - Rs. 16,000	P - Rs. 4,000
Y - Rs. 13,000	Q - Rs. 6,000
Z - Rs. 14,000	

The service department expenses are charged on the following basis :

	X	Y	Z	P	Q
Expenses of Department P	20%	25%	35%	-	20%
Expenses of Department Q	25%	25%	40%	10%	-

Prepare a secondary distribution statement under repeated distribution method and under simultaneous equation method.

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13. A workman's wages for a guaranteed 44 hours week is Rs. 0.75 per hour. The estimated time to produce one unit is 30 minutes and under an incentive plan, the time allowed is increased by 20%. During a week, a worker produced 100 articles.

Calculate the wages under each of the following methods :

- (a) Time rate system
- (b) Halsey system
- (c) Rowan system.

What will be the wage rate per hour under Halsey & Rowan bonus schemes?
