



III Semester B.Com. (LSCM) Examination, April/May 2023

(NEP)

COMMERCE
Cost Accounting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written only in **English**.

SECTION – A

1. Answer **any 5** sub-questions. **Each** sub-questions carries **2** marks. **(5×2=10)**
- What is Cost Accounting ?
 - Expand COGS and COS.
 - What is Maximum Stock Level ?
 - What is over time ?
 - What is Machine Hour Rate ?
 - What is a Cost Unit ?
 - What is FIFO method ?

SECTION – B

Answer **any 3** of the following questions. **Each** question carries **4** marks. **(3×4=12)**

2. Explain the differences between financial accounting and cost accounting.
3. Calculate EOQ from the following details :
- | | |
|----------------------------------------|-------------|
| Annual Demand | 60000 units |
| Cost of Materials per unit | Rs. 20 |
| Cost of placing and receiving an order | Rs. 60 |
| Annual carrying cost of one unit | 10% |
4. Standard time allowed to complete a job is 30 hours, hourly rate is Rs. 25. Worker A completes the job in 25 hours. Calculate the earnings of the worker under Halsey and Rowan plan.
5. Sunshine company furnishes the following details for the month of June 2022, with which he needs a cost sheet showing the details of Cost and Profit.
- | | |
|-------------------------|--------------------------------|
| Direct Materials | Rs. 2,00,000 |
| Direct Labour | Rs. 1,40,000 |
| Machine Hours Worked | 2200 hours |
| Machine Hour Rate | Rs. 12 per hour |
| Office Overheads | Rs. 55,000 |
| Selling Overheads | Rs. 4 per unit sold |
| Units Produced and sold | 2500 units at Rs. 200 per unit |



6. From the following information, calculate the Machine Hour Rate :

Particulars

Cost of machine	Rs. 44,000
Scrap value	Rs. 2,720
Repairs for the effective working life	Rs. 6,000
Standing charges for 4 weekly period	Rs. 6,400
Effective working life	40000 hours
Hours worked in 4 weekly period	240 hours

SECTION – C

Answer **any 3** of the following questions. **Each** question carries **10** marks. **(3×10=30)**

7. The following are the details of materials used in a factory during January 2022.

Date Transactions

1	Opening Balance 500 kg @ 25/- per kg
3	Issued 70 kgs
4	Issued 100 kgs
13	Received from the Supplier 200 kgs @ 22/-
14	Refund of Surplus from a Work order 15 kgs @ 24/-
16	Issued 180 kgs
24	Received from suppliers 240 kgs @ 26/- per kg
25	Refund of Surplus from a work order 12 kgs (Issued on 4 th Jan.)
28	Issue 100 kgs

The stock verifier of the factory noticed that on 15th there was a shortage of 5 kgs and on 26th another shortage of 8 kgs. Prepare Stores Ledger under FIFO method.

8. The following particulars have been extracted for the year 2020 :

	Rs.
Materials Cost	1,20,000
Direct Wages	1,00,000
Factory overhead	60,000
Administrative charges	67,200
Selling and Distribution Charges	72,800
Profit	84,000



A work order has to be executed in the year 2021 and the estimated expenses are :

Materials	16,000
Wages	10,000

In the year 2021, the rate of Factory overhead has gone up by 20%, Selling and Distribution charges have gone down by 10%. While the administrative charges are recovered at the same rate. At what price should the product be sold so as to earn the same rate of profit on the selling price as in 2020 ? Factory overhead are based on wages and administration and selling and distribution overheads on factory cost.

9. Rajas Company Limited has 3 Production Departments and 2 Service Departments. The details of overheads are given as under :

Particulars	Production Departments			Service Departments	
	A	B	C	X	Y
Total Overheads	30,000	20,000	10,000	4,000	5,000
The expenses of service department are to be charged on a% basis which are as follows :					
X	20%	40%	30%	-	10%
Y	30%	30%	20%	20%	-

Prepare Secondary Distribution Summary under Simultaneous Equation Method.

10. From the following figures, prepare a Reconciliation Statement :

	Rs.
Net Profit as per financial records	2,08,045
Works overhead under-recovered in costing	3,120
Depreciation charged in financial records	10,200
Depreciation recovered in costing	12,500
Interest received not included in costing	8,000
Obsolescence (loss) charged in financial records	5,700
Bank interest credited in financial books	750
Stores adjustment (credit) in financial books	475
Value of opening stock in : Cost accounts	52,600
Financial accounts	54,000
Value of closing stock in : Cost accounts	52,000
Financial accounts	49,600

11. A manufacturing company has 3 Production Departments and 1 Service Department. Expenses incurred for the month of December 2022 are as under :

	Rs.
Rent	60,000
Repairs	38,000
Depreciation	30,000
Light	8,000
Supervision	90,000
Fire Insurance (Stock)	25,000
Employers Contribution to group insurance	9,000
Power	54,000

The following additional data is available in respect of the 4 departments :

Particulars	A	B	C	D
Area in sq. feet	45	33	27	15
No. of workers	72	48	36	24
HP of machine	800	600	400	200
Value of Plant (in Rs.)	72,000	54,000	36,000	18,000
Value of Stock (in Rs.)	45,000	27,000	18,000	-

Apportion the costs to various department on appropriate basis.

SECTION - D

Answer any one of the following sub-questions. Each question carries eight marks. (1x8=8)

12. A) A manufacturing industry purchases raw materials as and when required by the job orders. It is facing an issue of increasing prices for its spare parts. Its spare parts for the month of April 2022 are purchased and issued as under :
- | | |
|-----------|-----------------------------------------|
| 3-4-2022 | Purchased 60 pieces at Rs. 50 per piece |
| 5-4-2022 | Purchased 25 pieces at Rs. 60 per piece |
| 8-4-2022 | Issued 40 pieces |
| 12-4-2022 | Purchased 30 pieces at Rs. 70 per piece |
| 18-4-2022 | Issued 30 pieces |

Use the appropriate method of issue during the raising prices.

OR

- B) A labour-intensive company wants to decide on the method of paying remuneration to its workers. So, it provides the following information for you to advise them on which method they need to pay its workers.
- | | |
|----------------------------------|-----------|
| Standard time allowed for a job | 60 hours |
| Rate per hour | Rs. 200 |
| Actual time saved by a worker is | 10 hours. |