

2021
B.Com.-3rd Semester
BCM-302: Cost Accounting

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt any four questions from Section-A. Attempt two questions each from Section-B & C respectively.

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SECTION – A

- I. (a) What are the objectives against Cost Accounting?
- (b) What do you mean by fringe benefits? Do they form part of labour cost?
- (c) Distinguish between Labour Hour Rate and Machine Hour Rate.
- (d) Calculate re-ordering level, minimum level and maximum level for material X and material Y using following information:
- | | | |
|-----------------------------|---|-----------|
| Minimum usage per week each | - | 50 units |
| Maximum usage per week each | - | 150 units |
| Normal usage per week each | - | 100 units |
- Ordering quantity – material X 600 units and material Y 1000 units.
Delivery period-material X, 4 to 6 weeks and material Y, 2 to 4 weeks.
- (e) The standard time for a job is 60 hours. The hourly rate of guaranteed wages is ₹0.75. Because of saving in time, a worker A gets an hourly wage of ₹0.90 under Rowan Premium Bonus System. For the same saving in time, calculate the hourly rate of wages a worker B will get under Halsey Weir Premium Bonus System assuming bonus 40% of wages of time saved to worker.
- (f) Calculate machine hour rate from the following:
- Cost of machine ₹25,000 with scrap value of ₹4,000.
 - Repair and maintenance charges per month ₹600.
 - Standing charges per month for the machine ₹200.
 - Effective working life of the machine 5000 hours.
 - Running time per month 200 hours.
 - Power used by machine per hour is 5 units @ ₹0.60 per unit.

(4×5)

P.T.O.

(2)

SECTION-B

- II. What is the meaning of cost accounting? Make its comparison with financial accounting. What deficiencies does this system suffer from? (15)
- III. What is meant by an incentive plan in remuneration of labour? Mention any five such methods giving their merits and demerits. (15)
- IV. Following is an extract of the record of receipts and issues of sulphur in a chemical factory during November, 2020:-
November
1. Opening balance 500 tonnes @ ₹200.
 3. Issue : 70 tonnes
 4. Issue : 100 tonnes
 8. Issue : 80 tonnes
 13. Received from supplier 200 tonnes @ ₹190
 14. Returned from department 15 tonnes
 16. Issue : 180 tonnes
 20. Received from supplier 240 tonnes @ ₹190
 24. Issue : 300 tonnes
 25. Received from supplier 320 tonnes @ ₹190
 26. Issue : 115 tonnes
 27. Returned from department 35 tonnes
 28. Received from supplier 100 tonnes @ ₹190

Issues are to be priced on the principal of 'First in First Out'. The stock verifier of the factory had found shortage of 10 tonnes on the 22nd and left a note accordingly. Draw up priced stores ledger card for the material, showing the above transactions. (15)

- V. A company presently sells an equipment for ₹35000. Increase in prices of labour and material cost are anticipated to the extent of 15% and 10% respectively in the coming year. Material cost represents 40% of cost of sales and labour cost 30% of cost of sales. The remaining relates to overheads. If the existing selling price is retained, despite the increase in labour and material prices, the company would face a 20% decrease in the existing amount of profit on the equipment.
You are required to arrive at a selling price so as to give the same percentage of profit on increased cost of sales, as before. Prepare a statement of profit/loss per unit, showing the new selling price and cost for unit in support of your answer. (15)

(3)

SECTION-C

- VI. What do you understand by operating costing? Explain its main features and suitability. (15)
- VII. State the essentials prerequisite (or principles) of integrated accounting system. (15)
- VIII. XYZ Ltd. has three production departments P₁, P₂ and P₃ and two service departments S₁ and S₂.

Following particulars are available for the month of March, 2020 concerning the organization: Rent 15000; Municipal Taxes 5,000; Electricity 2400; Indirect wages 6000; Power 6000; Depreciation on Machinery 40000; canteen expenses 30,000; Other Labour related costs 10,000.

Following further details are also available:

	Total	P ₁	P ₂	P ₃	S ₁	S ₂
Floor space (sq. mts)	5000	1000	1250	1500	1000	250
Light points (Nos.)	240	40	60	80	40	20
Direct wages (₹)	40000	12000	8000	12000	6000	2000
House powers of Machines (Nos.)	150	60	30	50	10	-
Cost of machine (₹)	200000	48000	64000	80000	4000	4000
Working hours		2335	1510	1525		

The expenses of service departments are to be allocated in the following manner:

	P ₁	P ₂	P ₃	S ₁	S ₂
S ₁	20%	30%	40%	-	10%
S ₂	40%	20%	30%	10%	-

You are required to calculate the overhead absorption rate per hour in respect of the three production departments. (15)

P.T.O.

(4)

- IX. The financial records by Deccan Manufacturing Ltd. reveal the following data for the year ended March 31, 2020:-

	(₹ in thousands)		(₹ in thousands)
Sales (20000 units)	4000	Work-in-progress: Closing	
Material	16000	Material	48
Wages	1600	Labour	32
Factory overheads	800	Overheads (factory)	32
	720		
Office and Administrative overheads	416	Goodwill written off	320
		Interest on capital	32
Selling and distribution overheads	288	Dividend received	10
Closing stock of finished goods (1230 units)	240	Interest received	5

In the costing records, factory overheads are charged at 100% of wages, administration overheads at 10% of works cost and selling and distribution overheads at ₹16 per unit sold.

Prepare a statement reconciling the project as per cost records with the profit as per financial records of the company. All working should form part of your answer. (15)

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