

**B.Com. DEGREE EXAMINATION APRIL 2023**  
**COMMERCE**  
**SECOND SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : COST ACCOUNTING**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

**SECTION A**

**ANSWER ALL QUESTIONS**

**(10 x 2 = 20)**

1. What is operating costing?
2. Write a short note on batch costing.
3. What do you mean by elements of cost?
4. Explain the Machine Hour Rate.
5. What is inter-process costing?
6. From the following information, calculate kilometers and total passenger kilometers.

S.No	Particulars	
1	Number of buses	4 buses
2	Days operated in a month	30 days
3	Trips made by each bus	4 trips
4	Distance of route: 30 km ( one way )	
5	Capacity of bus	60 passengers
6	Normal passengers traveling: 80% of the capacity	

7. Prepare a cost sheet for 750 units and calculate the selling price per unit.

Particulars	Amount
Direct materials	1,00,000
Wages	60,000
Administrative Overheads	40,000
Factory Overheads	25,000
Selling expenses	15,000
Profit of 10% on Cost	

8. From the following data, calculate Machine Hour Rate:  
(a) Estimated factory overheads – Rs.58,000  
(b) Estimated Machine hours - Rs. 50,500
9. Cost of process Rs.1,60,000. Profit to be charged on transfer price is 20%. Find out the inter process profit.
10. From the following data, calculate the Earnings of a worker under Halsey and Rowan Schemes.  
Time allowed for a job = 5 hours  
Time taken = 4 hours and rate per hour = Rs.8

## SECTION B

ANSWER ANY FIVE QUESTIONS

(5 x 8 = 40)

11. Define costing and discuss briefly its objectives and advantages.
12. Suman industries produces a product which passes through two process I and II and then to finished stock. It is ascertained that in each process 5% of the total weight put in is lost and 10% is scrap which realizes Rs.5 per ton and Rs.15 per ton respectively in processes I & II. The following details are available:

Particulars	Process I	Process II
Materials consumed in tons	2,000	140
Cost of materials per ton Rs.	200	300
Wages Rs.	20,000	15,000
Manufacturing expenses Rs.	6,000	5,000

Prepare process accounts showing the cost of the output of each process and cost per ton.

13. From the following particulars, prepare a statement of Labour Cost per day of 8 hours.
- Monthly salary – Rs.9,000
  - Leave salary – 5 % of (a)
  - Employer's contribution to PF – 8% of (a) & (b)
  - Employer's contribution to ESI – 4% of (a) & (b)
  - Pro rata amenities – Rs.1,000 per head per month
  - Number of working hours in a month 25 days – 8 hours each
14. The following direct costs were incurred on Job.415 of standard radio Company:
- Materials = Rs.6,010
- Wages : Department    A = 60 hours @ Rs.30 per hour  
                                   B = 40 hours @ Rs.20 per hour  
                                   C = 20 hours @ Rs.50 per hour
- Overheads for these three departments were estimated as follows:
- Variable overheads: Department    A = Rs.15,000 for 1,500 labour hours  
   B = Rs.4,000 for 200 labour hours  
   C = Rs.12,000 for 300 labour hours
- Fixed overheads:  
 Estimated at Rs.40,000 for 2,000 normal working hours. You are required to calculate the cost of Job415 and calculate the price to give profit of 25% on selling price.
15. Product X goes through three operations before it is finished. Normal loss of the operations is as follows:
- Operation 1 = 25% of input
  - Operation 2 = 1/6<sup>th</sup> of input
  - Operation 3 = 20% of input
- Compute the initial input required to obtain a final output of 100 units
16. An engineering company has two departments. The budgeted expenses for the current year are:

Particulars	Department A ( In Rs.)	Department B ( in Rs,)
Materials	1,00,000	1,00,000
Direct wages	1,36,640	87,840
Direct expenses	1,760	2,280
Works expenses	97,600	65,880
Administrative expenses	26,880	25,600
Direct labour hours	78,080	57,645

Works expenses are charged to output at a man-hour rate and administrative expenses as a percentage on works cost. Compute man-hour rate and percentage of administration overhead on works cost.

17. Two components A and B are used as follows:
- Normal usage 50 units per week each
  - Minimum usage 25 units per week each
  - Maximum usage 75 units per week each
  - Reorder Quantity A – 300 units; B – 500 units
  - Reorder Period A-4 to 6 weeks, B – 2 to 4 weeks
- Calculate (i) Reorder level, (ii) Minimum level (iii) Maximum level (iv) Average stock level

### SECTION C

ANSWER ANY TWO QUESTIONS

(2 x 20 = 40)

18. Onida TV Company provides the following information related to Cost of manufacturing Television sets. The cost of manufacturing 200 TV sets was Rs.6,16,000, which it sold at Rs.4,000 each. Cost was made up of:

Materials	Rs.2,00,000
Direct wages	Rs.3,00,000
Factory expenses	Rs.60,000
Office expenses	Rs,56,000

It was estimated that : (a) each TV set will require materials of the value Rs,1,000 and wages Rs,1,500 (b) Absorb factory expenses on the basis of Direct wages (c) Absorb office expenses on the basis of Works Cost. Prepare a statement showing the Profit & Loss it should make per unit if it increases the price of each television by Rs.80.

19. The stock of a material as on 1<sup>st</sup> April 2009 was 200 units at Rs.2 each. The following purchases and issues were made subsequently, Prepare a stores ledger showing how the value of the issues would be recorded under: (i) LIFO (ii) FIFO

Date	Particulars
05/04/2009	Purchases 100 units at Rs.2.20 each
10/04/2009	Purchases 150 units at Rs.2.40 each
20/04/2009	Purchases 180 units at Rs.2.50 each
02/04/2009	Issues 150 units
07/04/2009	Issues 100 units
12/04/2009	Issues 100 units
28/04/2009	Issues 200 units

20. The following expenses have been incurred in respect of a shop having four identical machines:

Particulars	Rs.
Rent & rates	6,000 p.a
Power consumed by the shop @ Rs.0.50 paisa per unit	4,800 p.a
Repairs	1,000 p.a
Electricity for the shop	800 p.a
Shop supervisor's salary	600 p.a
Oil etc.,-expenses	100 p.a
Depreciation per machine	600 p.a

There are two attendants in the shop, each gets Rs.600 per month. Each machine consumes 10 units of power per hour. Calculate machine hour rate.

21. The product of a manufacturing concern passes through two process 'A' and 'B' and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% scrap which from processes A and B realizes Rs.80 per ton and Rs.200 per ton respectively.

The following are the figures relating to both the processes:

Particulars	Process A	Process B
Materials in tons	1,000	70
Cost of materials per ton (Rs.)	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses	8,000	5,250
Output (tons)	830	780

Prepare the process cost accounts showing cost per ton of each process. There was no stock or work-in-progress.

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