

(Please write your Exam Roll No.)

Exam Roll No. 1101.....

END TERM EXAMINATION

SECOND SEMESTER [B.COM] MAY - JUNE 2019

Paper Code: B.COM-108

Subject: Cost Accounting

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

- Q1 "Cost may be classified in a variety of ways according to their names and information needs of management." Explain and discuss this statement giving examples of classification required for different purposes.
- Q2 Oil India is a bulk distributor of high octane petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. Following summary of information is available for the month of June, 2014:
Sales Rs. 9,45,000; General administration cost Rs. 25,000; Opening stock: 1,00,000 litres @3 per litre Rs. 3,00,000.
Purchases (including freight in)
June 1 2,00,000 litres @Rs.2.85 per litre
June 30 1,00,000 litres @ Rs. 3.03 per litre
Closing stock on June 30: 1,30,000 litres
Compute the following data by first-in and first-out, weighted average and last-in and last-out method of inventory costing:
(a) Value of inventory on June 30
(b) Amount of the cost of goods sold for June
(c) Profit or loss for June
- Q3 From the following particulars work out the earnings for the week of a worker under:
(a) Straight Piece Rate System
(b) Differential Piece Rate System
(c) Halsey Premium System
(d) Rowan System
Number of working hours per week 48
Wages per hour..... Rs. 3.75
Rate per piece..... Rs. 1.50
Normal time per piece..... 20 minutes
Normal output per week..... 120 pieces
Actual output per week.....150 pieces
Differential piece rate: 80% of piece rate when output is below standard and 120% when above standard.
- Q4 Strongman 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 2014 concerning the organisation:
Rent Rs. 15,000; Municipal Taxes Rs. 5,000; Electricity Rs. 2,400; Indirect Wages Rs. 6,000; Power Rs. 6,000; Depreciation on Machinery Rs. 40,000; Canteen Expenses Rs. 30,000; and other labour related costs Rs. 10,000.
Following further details are also available:

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	Total	P ₁	P ₂	P ₃	S ₁	S ₂
Floor space (Sq. mts.)	5,000	1,000	1,250	1,500	1,000	250
Light points (no.)	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horse power of machine (no.)	150	60	30	50	10	-
Cost of machine (Rs.)	2,00,000	48,000	64,000	80,000	4,000	4,000
Working hours	2,335	1,510	1,525			

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 requested to calculate the overhead absorption rate per hour in respect of the three production departments.

Q5 The books and records of the Anand Manufacturing company present the following data for the month of August, 2013:

Direct labour cost Rs. 16,000 (160% of factory overhead)
 Cost of goods sold Rs. 56,000

Inventory accounts showed these opening and closing balances:

	August 1	August 31
Raw material	8,000	8,600
Work-in-progress	8,000	12,000
Finished goods	14,000	18,000
Other data:		
Selling expenses		3,400
General and administration expenses		2,600
Sales for the month		75,000

You are required to prepare statement showing cost of goods manufactured and sold and profit earned.

Q6 Prepare Contract account and Contractor's account assuming that the amount due from the contractor was duly received.

	Rs.
Direct Material	20,250
Direct wages	15,500
Stores issued	10,500
Loose tools	2,400
Tractor expenses:	
Fuel, oil, etc.	2,300
Wages of drivers	3,300
Other direct charges	2,650

The contract price was Rs. 90,000 and the contract took 13 weeks in its completion. The value of Loose Tools and Stores returned at the end of the period were Rs. 200 and Rs. 3,000 respectively. The plant was also returned at a value of Rs. 16,000 after charging depreciation at 20%. The value of tractor was Rs. 20,000 and the depreciation was to be charged to the contract @15% per annum. The administrative and office expenses are to be provided at 10% on works cost.

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Q7 A product passes through three processes- A, B and C. The details of expenses incurred on the three processes during the year 2014 were as under:

Units issued	A	B	C
	1,000		
Cost per unit	Rs.	Rs.	Rs.
Sundry materials	50	3,315	3,220
Labour	1,600	8,000	6,392
Sale price of output (per unit)	70	100	200

Actual output of the three processes was:

Process A- 930 units
 Process B- 540 units
 Process C- 210 units

Two-thirds of the output of Process A and one-half of the output of Process B was passed on to the next process and the balance was sold. The entire output of Process C was sold.

The normal loss of the three processes, calculated on the input of every process was:

Process A- 5%
 Process B- 15%
 Process C- 20%

The loss of Process A was sold at Re. 1 per unit, that of Process B at Rs. 3 per unit and that of Process C at Rs.6 per unit. Selling expenses were Rs. 9,000. These are not allowable to the processes. Prepare three Process accounts and Profit and Loss account.

Q8 What is job costing? How does job costing differ from batch costing? How is job costing in service organisations different from job costing in manufacturing organisations?

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