

**Second Internal Examination, October 2023**

**Department of Commerce, Semester 5**

**COST ACCOUNTING I**

**Total: 80 marks**

**Time: 3 hours**

**Section A**

*Answer any 10 questions. Each question carries 2 marks.*

1. Name the two basic methods of costing.
2. How will you treat materials returned to the vendor?
3. Explain the objectives of material cost accounting.
4. What are the objectives of the incentive plan?
5. From the following particulars ascertain the labour cost per day of 8 hours.
  - a. Basic salary : ₹2000 per month
  - b. Dearness allowance :5% of basic salary
  - c. Employers contribution to PF :8% of (a) and (b)
  - d. Employers contribution to ESI :2.5% of (a) and (b)
  - e. Pro-rata amenities on labour : ₹179.5 per head per month
  - f. Working hours in a month :200
6. Define the responsibility centre.
7. From the following calculate the earnings of the workers under Merrick's multiple piece rate system.

Normal piece rate Rs.10 per unit  
Standard production 100 units per day of 8 hours  
Actual production  
X- 80 units  
Y - 95 units  
Z - 110 units
8. Explain any two principles of apportionment of overheads.
9. Write a short note on quality costing.
10. Explain non-cost items with an example.
11. State any two reasons for difference in profit or loss as per cost and financial accounts.
12. Distinguish between Time keeping and Time Booking.

**(10 x 2 =20 Marks)**

**Section B**

*Answer any 6 questions. Each question carries 5 marks.*

13. Distinguish between allocation and apportionment of cost.
14. Briefly explain the function wise classification of cost.
15. What are the advantages and limitations of the LIFO method of pricing?

16. Calculate the earnings of workers X and Y under Time Rate System, Straight Piece Rate System and Taylor's differential piece rate system from the following details.  
 Standard Time per unit : 12 minutes  
 Standard Rate per hour : Rs. 60  
 Differentials to be used:  
 (i) Low Piece Rate : 80 % of the Basic Piece Rate  
 (ii) High Piece Rate : 120 % of the Basic Piece Rate  
 In a particular day of 8 hours, worker X produced 30 units and worker Y produced 50 units.
17. Find out EOQ from the following data  
 Annual Consumption - 6000 kg  
 Ordering cost - Rs. 120 per order.  
 Price per kg is Rs. 20  
 Carrying cost - 20%  
 Also ascertain the frequency of placing orders.
18. What do you mean by labour turnover? What are the costs associated with labour turnover?
19. SL Ltd has three production departments A, B and C, and two service departments D and E. The following figures are extracted from the records of the company:
- |                             |              |
|-----------------------------|--------------|
| Rent and Rates              | - Rs. 5000   |
| General Lighting            | - Rs. 600    |
| Indirect Wages              | - Rs. 1500   |
| Power                       | - Rs. 1500   |
| Depreciation of Machinery - | - Rs. 10,000 |
| Sundries                    | - Rs. 10,000 |

Basis	Total	A	B	C	D	E
Floor Space (sq. mtr)	10,000	2000	2500	3000	2000	500
Light Points	60	10	15	20	10	5
Direct Wages(Rs.)	10,000	3000	2000	3000	1500	500
HorsePower of Machines (KWH)	150	60	30	50	10	---
Value of Machinery(Rs)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

The following further data are available

- Appportion the costs to various departments on the most equitable basis.
20. The accounts of VT Ltd, a manufacturing firm discloses the following information for the year ending March, 31, 2023
- |                          |              |
|--------------------------|--------------|
| Materials used           | Rs. 1,50,000 |
| Direct Wages             | Rs. 1,20,000 |
| Factory Overhead         | Rs. 30,000   |
| Administration Overheads | Rs. 15,000   |
- Prepare a cost sheet and calculate the price which the company should quote for the manufacture of a machine requiring materials Rs. 1250 and direct wages Rs 750, so that the price may yield a profit of 20% on the selling price.

21. Prepare a reconciliation statement.

Items	Rs.
Net Loss as per Cost Accounts	3,44,800
Net Loss as per Financial Accounts	4,32,090
Works overhead under recovered in cost accounts	6240
Excess depreciation in cost accounts	2,600
Over recovery of administration overhead	3,400
Interest on investments	17,500
Goodwill written off	7000
Preliminary Expense written off	4400
Income Tax paid	80600
Stores adjustment credited in financial books	950
Depreciation of stock charged in financial books	13,500

(6 x 5 = 30 Marks)

### Section C

*Answer any 2 questions. Each question carries 15 marks*

22. A manufacturing company has two production departments and three service departments. The departmental distribution summary showed the following expenses.

Production departments.

Dept.X- ₹16000

Dept.Y- ₹10000

Service departments.

Time keeping dept. -₹4000

Stores dept. -₹5000

Maintenance department -₹3000

Additional information

Base	Production departments		Service departments		
	X	Y	Time keeping	Stores	Maintenance
No:of employees	40	30	-	20	10
No:of stores requisitions	24	20	-	-	6
Machine hours	2400	1600	-	-	-

Apportion the overheads of service departments to production departments, by using the step ladder method.

23. From the following particulars, prepare a) A statement of cost b) A statement of profit as per cost accounts c) Profit and loss account in the financial books d) A statement reconciling the profits as shown by the cost books with that shown by the financial books:

Opening stock of raw materials	100000
Closing stock of raw materials	150000
Opening stock of finished goods	200000
Closing stock of finished goods	50000
Purchase of raw materials	600000
Wages	250000

Calculate factory overhead at 25% on prime cost and office overhead at 75% on factory overhead. The actual works expenses came to ₹1,93,750 and the actual office expenses amounted to ₹1,52,500. The selling price was fixed at 25% above cost price.

24. The following transactions are recorded in respect of a material used in a factory during April 2019. Prepare stores ledger under FIFO method.

April 1 Opening balance: 500 units at Rs.25

- 5 Issued 70 units
- 9 Issued 180 units
- 12 Received from vendor 200 units @ Rs.26
- 14 Refund of surplus order from a work order, 15 units @ Rs.25
- 16 Issued 180 units
- 20 Received from vendor 240 units at Rs.25
- 24 Issued 300 units
- 25 Received from vendor 320 units at Rs.28
- 26 Issued 125 units
- 27 Refund of surplus from a work order 12 units at Rs.27
- 28 Received from vendor 100 units at Rs.29

25. Explain the various methods of wage payment.

**(2 X 15 = 30 Marks)**

*[Scan QR code for Answer Key]*