



71422

IV Semester B.C.L.S. Examination, September/October 2022
(CBCS)
COMMERCE
Paper – 4.4 : Cost Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any five** of the following sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**

1. a) What is costing ?
- b) What is Economic Order Quantity ?
- c) What is stores ledger ?
- d) Expand FIFO and LIFO.
- e) Find out average stock level if minimum stock level is 4200 units and maximum stock level is 6000 units.
- f) What is Time Keeping ?
- g) What is Memorandum Reconciliation Statement ?

SECTION – B

Answer **any three** of the following. **Each** question carries **6** marks. **(3×6=18)**

2. Give a brief note on objectives of material control.
3. Supreme factory produces a standard product. The following information is given to you from which you are required to prepare a cost sheet for January 2022 :

	Rs.
Raw materials consumed	91,000
Direct wages	29,000
Other direct expenses	11,000
Factory overheads 80% of direct wage	
Office overheads 10% of works cost	
Selling and distribution expenses Rs. 2 per unit sold	
Units produced and sold during the month 10,000	

Also find the selling price per unit on the basis that profit mark-up is uniformly made to yield a profit of 20% of the selling price. There was no stock or work-in-progress either at the beginning or at the end of the period.

P.T.O.



4. The following is an extract of the record of receipts and issue of a material during July 2022. On 1st July 2022 – Opening balance was 1,200 units at Rs. 20 per unit.

July 3	Issued 600 units
4	Issued 400 units
10	Received from supplier 800 units @ Rs. 19 per unit
16	Issued 260 units
20	Received from supplier 960 units @ Rs. 22 per unit
24	Returned to supplier 80 units out of purchases of July 20
25	Purchased 400 units Rs. 24 per unit
26	Issued 720 units

Prepare the stores ledger account under FIFO method.

5. The Meghdhooth Company Ltd. has three production departments P, Q and R and two service departments X and Y. The following figures are extracted from the records of the company :

	Rs.
Rent, rates and taxes indirect wages	20,000
Indirect wages	6,000
Depreciation on machinery	20,000
General lighting	2,400
Power	6,000
Sundries	20,000

The further information available are as follows :

Particulars	Total	P	Q	R	X	Y
Floor spaces (sp. ft).	10,000	2,000	2,500	3,000	2,000	500
Light points	60	10	15	20	10	5
Direct wages (Rs.)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machine	150	60	30	50	10	—
Working hours	—	6226	4028	4066	—	—
Value of machine (Rs.)	5,00,000	1,20,000	1,60,000	2,00,000	10,000	10,000

Expenses of X and Y are allocated as follows :

X	20%	30%	40%	—	10%
Y	40%	20%	30%	10%	—

Prepare Primary Distribution Summary.

6. Calculate wages due to a worker under Halsey plan and Rowan plan, from the following information :

Standard hours	=	18,000 hrs.
Time taken	=	12,000 hrs.
Normal rate	=	Rs. 1.5 per hour



SECTION – C

Answer **any three** of the following. **Each** question carries **14** marks. **(3×14=42)**

7. Explain the factors considered for designing a Cost Accounting System.

8. The following were extracted from the cost records for the year 2021 :

Production	1000 units
Raw materials	Rs. 20,000
Labour cost	Rs. 12,000
Factory overhead	Rs. 8,000
Office overhead	Rs. 4,000
Selling expenses	Rs. 1,000

Rate of profit 25% of selling price.

The manufacturer decided to produce 1,500 units for 2022. It is estimated that the cost of raw materials will increase by 20% and the labour cost will increase by 10%. 50% of the overhead charges are fixed and the other 50% are variable. The selling expenses per unit will be reduced by 20%. The rate of profit will remain the same. Prepare a statement of cost showing total profit and selling price per unit.

9. The net profits of a manufacturing company appeared at Rs. 1,76,500 as per financial records for the year ended 31-12-2020. The cost books however showed a different profit. A careful scrutiny of the figures from both the sets of accounts revealed the following facts. Prepare Reconciliation Statement.

1) Income tax provided in financial accounts	15,000
2) Bank interest credited in financial books	1,250
3) Works overhead under recovered in cost books	11,550
4) Depreciation charged in financial books	15,600
5) Depreciation recovered in cost books	16,000
6) Administrative overhead over recovered	1,850
7) Donations shown in financial books	12,800
8) Interest on investment not included in cost books	14,000
9) Stores adjustment (Credited in financial books)	1,240
10) Loss due to theft shown in financial books	13,350



10. The Universal Ltd. has three production departments and two service departments. The following information is available regarding various expenses :

	Rs.
Power	12,400
Rent	14,200
Canteen	13,000
Personnel department	13,000
Maintenance of buildings	13,400
Insurance on assets	12,200
Depreciation 10% of capital value	
You also have the following data :	

	Production Departments			Service Departments	
	M	N	O	X	Y
Area (sq. metres)	400	400	300	200	100
KW. hours	2000	2200	800	750	250
No. of workers	90	120	30	40	20
Capital value in Rs.	50,000	60,000	40,000	30,000	20,000

The services of X and Y departments are used by other departments in the following proportion.

	M	N	O	X	Y
X	25%	30%	25%	-	20%
Y	40%	20%	30%	10%	-

Calculate the total overheads of production departments after re-apportioning service department overheads under Simultaneous Equation Method.

11. From the following figures relating to two components A and B, compute Reorder Level, Minimum Level, Maximum Level and Average Stock Level.

Particulars	Component A	Component B
Maximum consumption per week	150 units	150 units
Average consumption per week	100 units	100 units
Minimum consumption per week	50 units	50 units
Reorder period	8 to 12 weeks	4 to 8 weeks
Reorder quantity	800 units	1,200 units