



A-2687

Second Year B. Com. (Sem. III) (Honours) Examination

March / April – 2015

CE - 329 : J (1) Cost Accounting : Paper - I

Time : Hours]

[Total Marks : 50

Instruction :

नीचे दर्शायेव निशानीवाणी विगतो उत्तरवही पर अवश्य लपनी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="checkbox"/> S. Y. B. Com. (Sem. III) (Honours)	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="checkbox"/> CE - 329 : J (1) Cost Accounting : Paper - I	<input type="text"/>
Subject Code No. : <input type="text"/> 2 <input type="text"/> 6 <input type="text"/> 8 <input type="text"/> 7	<input type="text"/>
Section No. (1, 2,.....) : <input type="text"/> Nil	<input type="text"/>
	Student's Signature

- (2) All Questions are Compulsory
(3) Show all necessary calculations.

- 1 Attempt the following questions: 10
- (a) The firm employs five workers at an hourly rate of 3
Rs. 2. During the week, they worked for four days for
a total period of 40 hours each and completed a job for
which the standard time was 48 hours for each worker.
Calculate Labour cost under the Halsey Method and
Rowan Method of Incentive plan payments.
- (b) The cost of manufacturing 5,000 units of a product 4
is asunder :
Material Rs. 40,000; Wages Rs. 50,000, Chargeable Rs.
800; Fixed overhead Rs. 32,000 and variable overhead
Rs. 8,000.
For manufacturing every 1,000 extra units of the product,
the cost of production increases as under:
Material : Proportionally
Wages : 10% less than proportionately
Chargeable expenses : Nil
Fixed overhead : Rs. 400 extra
Variable overhead : 25% less than proportionately.
Find out total cost of producing 9,000 units.
- (c) Draw the chart of elements of cost and explain 3
meaning of each element of cost.

- 2 (a) The Managing Director of a company has given the following information and wants to know the selling price at which he can sell his product: 7

Units produced and sold	100 units
<u>Cost of sales:</u>	Rs.
Direct material	3,90,000
Direct wages	2,10,000
Direct charges	30,000
Works overhead	2, 10,000
Office overhead	84,000
Selling overhead	96,000
Sales	11,70,000

It is ascertained from the records that 40% of works overhead fluctuate directly with production and 70% of the selling overhead fluctuates with sales. It is anticipated that the company will produce and sale 1000 units per year from now and that wages per unit will be reduced by 20%. The fixed works overhead will be increased by Rs. 90,000, office overhead and fixed selling overhead will increase by 25%. No other changes are expected. Prepare (1) Cost statement for 100 units and (2) Estimated cost statement for 1,000 units.

- (b) Calculate normal and overtime, wages payable to a worker from the following data: 6

Days	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Hours worked (no. of Hours)	8	10	9	11	9	4

Normal working hours: 8 hours per day from Monday to Friday and 4 hours on Saturday

Normal rate: Rs.5 per hour

Overtime: Upto 9 hours in a day at single rate and over 9 hours in a day at double rate or upto 48 hours in a week at a single rate and over 48 hours at double rate whichever is more beneficial to the workman.

- 3 (a) Strongman Ltd. has three production departments A, B and C and two service departments X and Y. The following particulars are available for the month of March, 2014 concerning the organisation. 7

	Rs.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Canteen expenses	30,000
Other labour related costs	10,000

Following further details are also available:

	Total	Production Deptts.			Service Deptts.	
		A	B	C	X	Y
Floor space (Sq. mts.)	5,000	1,000	1,250	1500	1,000	250
Light point (Nos.)	240	40	60	80	40	20
Direct wages (Rs.)	40,000	12,000	8,000	12,000	6,000	2,000
Horsepower of machines (Nos.)	150	60	30	50	10	—
Cost of machines	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 :

	A	B	C	X	Y
X	20%	30%	40%	—	10%
Y	40%	20%	30%	10%	—

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

- (b) In manufacturing its product z, a company uses two types of raw materials A and B for which the following information is made available: 6
- (i) One unit of z requires 10 kg of A and 4 kg. of B.
 - (ii) Weekly production of z varies from 175 to 225 units, averaging 200 units.
 - (iii) Price per kg. of material A is Rs. 10 and material B 5000 kg.
 - (iv) Re-order period of A – 1 to 3 weeks, B– 3 to 5 weeks.
 - (v) Re-order quantity of Material A is 10,000 kg. and Material B 50,000 kg.

Find out (1) Re-order level, (2) Minimum level, (3) Maximum level and (4) Average Stock.

4 Attempt the following questions: 14

- (i) Gemini Enterprises undertakes three different jobs 6
 A, B and C. All of them require the use of a special machine and also the use of a computer. The computer is hired and the hire charges work out to Rs. 4,20,000 per annum. The expenses regarding the machine are estimated as follows:

Rent for the quarter 17,500

Depreciation per annum 2,00,000

Indirect charges per annum 1,50,000

During the first month of operation the following details were taken from the job register:

	Job A	Job B	Job C
Number of hours the machine was used:	600	900	-
(a) Without the use of the Computer			
(b) With the use of the Computer.	400	600	1,000

You are required to compute the machine hour rate:

- (i) For the firm as a whole for the month when the computer was used and when the computer was not used.
- (ii) For the individual jobs A, B and C.
- (ii) Prepare a Stores Ledger Account and enter the following transactions using weighted average method. 4
 (Round off the rate to nearest rupee).

2014	
August 1	: Opening balance 50 units @ Rs. 300 per unit.
August 4	: Issued 2 units.
August 8	: Purchased 48 units @ Rs. 400 per unit.
August 9	: Issued 20 units.
August 15	: Purchased 76 units @ Rs. 300 per unit.
August 22	: Received back into stores 19 units out of 20 units issued on August 9.
August 30	: Issued to product 10 units.

- (iii) Explain the difficulties faced the organisation 4
 in the installation of Costing System.