



DF-2687

Second Year B. Com. (Honours) (Sem. III) Examination
March / April - 2016

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

Time : Hours]

[Total Marks : 50

Instruction :

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

1 Attempt the following questions : 10

- (a) The standard labour time required for the production of a certain component has been fixed at 4 hours. An incentive scheme was introduced recently to raise labour productivity. The relevant details of the scheme are as follows : 4

Efficiency level	Inentive as a % of basic wage
Below 100%	No incentive
At 100% (Rs. 4 per unit)	10%
Above 100%	1% additional incentive for every 1% increase in efficiency above 100% (functions included)

Four workers A, B, C and D produced 16, 12, 14 and 10 units respectively in a particular week of 48 hours. The basic wages of all these workers is Rs. 15 per hour. Calculate the efficiency incentive bonus, total earnings and Labour cost per unit in respect of each worker.

- (b) For the year 2015-16 an organization budgeted output of 50,000 units and overheads of Rs. 7,00,000. Actual output was equivalent to 60,000 units and overheads were Rs. 8,00,000. It was decided to absorb overheads on per unit of output basis. Of the total output 48,000 units were sold during the year. Unsold stock of finished output was 8,000 units and there was work in progress of 10,000 units, each unit approximately 40% complete. 4

Calculate :

- (i) Overhead absorption rate
 - (ii) Extent of over or under absorption
 - (iii) Supplementary rate and
 - (iv) Accounting entry for dealing over or under absorption.
- (c) Draw the chart of Classification of element of Cost. 2
- 2 (a) The following particulars are available from the records of Yash Ltd. for the year 2013-2014 : 7

Production and Sales	5,000 units
Particulars	Rs.
Total Sales	12,50,000
Factory Overhead:	
Fixed	90,000
Variable	8% of Prime Cost
Administrative Overhead	
Fixed	60,000
Variable	Rs. 3 per unit
Selling Price	Rs. 5 per unit
Rate of profit	20% on sales price
Labour expenses	1,50,000

For the year 2014-2015 it is estimated that :

- (1) Production and sales will be 6,000 units
- (2) Price of material will go up by 20%
- (3) Wages will rise by 10%
- (4) Fixed Factory overhead increase by Rs. 18,000
- (5) Selling Cost per unit will remain unchanged.
- (6) Administration overhead will remain unaffected by increase in output.

Prepare estimated cost sheet for the year 2014-2015 showing the price at which the unit will be sold as to earn the profit on sales as last year.

- (b) The finishing shop of a company employs 60 direct workers. each worker is paid Rs. 400 as wages per week of 40 hours. When necessary, overtime is worked upto a maximum of 15 hours per week per worker at time rate plus one – half as premium. The current output on an average is 6 units per man be regarded as standard output. If bonus scheme is introduced, it is excepted that the output will increase to 8 units per man hour. The workers will, if necessary continue to work overtime upto the specified limit although no premium on incentives will be paid. 6

The company is considering introduction of either Halsey Scheme or Rowan Scheme of Wage incentive system. The budgeted weekly output 19,200 units. The selling price is Rs. 11 per unit and the direct material cost is Rs. 8 per unit. The variable overheads amount to Rs. 0.50 per direct labour hour and the fixed overhead is Rs. 9,000 per week.

Prepare a statement to show the effect on the company's weekly profit of the proposal to introduce (a) Halsey Scheme (b) Rowan Scheme.

- 3 (a) In Kamal Coconut Oil manufacturing Pvt. Ltd. there are three production departments P1, P2 and P3 and two service departments S1 and S2. The following overhead are incurred in production of coconut oil for the month of May 2014 :

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Power	12,000	Depreciation of Plant	16,500
Rent and Rates	1,00,000	Insurance on Plant	6,600
Factory Lighting	2,400	Indirect Wages	6,500
Canteen Expenses	9,000	Contribution to ESI	3,250
Factory supervisor's Salary	12,000	Miscellaneous factory expenses (equally for each department)	5,000

Other Information :

<i>Particulars</i>	<i>P1</i>	<i>P2</i>	<i>P3</i>	<i>S1</i>	<i>S2</i>
No. of light points	6	5	4	3	2
Direct Wages (Rs.)	11,250	10,000	7,250	3,000	1,000
Direct Material (Rs.)	10,000	8,000	7,000	2,465	1,635
No of workers	5	6	4	3	2
Space occupied (Sq.ft)	3,000	2,000	2,500	1,500	1,000
Consumption of Power in units	600	900	300	-	-
Cost of Machinery	1,50,000	1,00,000	75,000	2,500	2,500
Ratio of Time devoted by factory Supervisor's	2.5	2.5	2	0.5	0.5

The benefit of service departments received by production departments are as under :

Department	P1	P2	P3
S1	25%	35%	40%
S2	30%	40%	30%

Prepare statement of distribution of cost and find out total cost of production departments.

- (b) A firm is able to obtain quantity discounts on its order of materials as follows : 6

Price per Tonne
tonne (Rs.)

6.00	Less than 250
5.90	250 and less than 800
5.80	800 and less than 2,000
5.70	2,000 and less than 4,000
5.60	4,000 and over

The annual demand for the material is 4,000 units. Stock holding cost are 20% of the material cost per annum. The delivery cost per order is Rs. 6. You are required to calculate the best quantity to order.

- 4 Attempt the following questions : 14
- (i) State the method of cost and cost per unit for the following industries : 4

Textile Mill	Electrical Undertaking	Automotive
Brick Making	Cement Manufacturing	Passenger bus service

- (ii) A wholesaler supplies 40 cricket bats to different shopkeeper on each working day. Presently the wholesaler is purchasing bats in lots of 200 at a cost of Rs. 60,000 per lot. Every order incurs a handling charge of Rs. 150 and freight charge of Rs. 250 per order. Multiple and fractional lots can also be ordered. All orders are supplied the next day. The wholesaler finances investment in inventory by paying 2% monthly interest on borrowed funds. Incremental storage cost per bat is Rs. 8. 6

- (a) How many bats should be ordered at a time to minimise total annual inventory cost assuming that there are 300 working days in a year ?
- (b) How frequently the order should be placed ?

- (iii) Dixita manufacturing produces one type of an article. The following is the cost structure of an article, the selling price of which is Rs. 45,000. 4

Direct Material : 50% of total cost

Direct Labour : 30% of total cost

Overheads : Balance

An increase of 15% in the cost of material and 25% in labour is anticipated. The increased cost would cause 25% decrease in present profit, if selling price remains unchanged. Find out Present Cost and Profit.