T Y B.Com APRIL 2016
V sem. ATKT

Cost

Q.P. Code : **17871**

(2½ Hours) [Total Marks :75

N.B. : (1) All questions are compulsory.
(2) Figures to the right indicate full marks allotted to the question.
(3) Working notes wherever necessary should form part of answer.

1. (a) Select the most appropriate option and rewrite the full sentence. (any 8) 8

(1) The technique and process of ascertainment of cost is known as -----.
- Costing
- Cost Reporting
- Cost Control
- None of the above

(2) Notional Cost is known as -----.
- Imputed Cost
- Sunk Cost
- Variable Cost
- Fixed Cost

(3) Cost of designing and layout is an example of -----.
- Direct expenses
- Indirect expenses
- Production expenses
- Selling expenses

(4) Labour Turnover is -----.
- Productivity of Labour
- Efficiency of Labour
- Total cost of Labour
- Change in Labour force

(5) Bin card shows -----.
- Receipts of stores
- Issues of stores
- Closing balances of stores
- All of the above

(6) Power Failure is -----.
- Abnormal Idle time
- Overtime
- Normal Idle time
- None of the above

(7) Employees' welfare expenses are allocated on the basis of -----.
- Machine hours
- Prime cost
- Number of employees
- Labour hours

(8) Interest on securities increases -----.
- Financial profit
- Assets
- Costing profit
- Financial loss

(9) The most important element of cost in manufacturing industry is -----.
- Materials
- Labour
- Overheads
- None of the above

(10) A Purchase Requisition is prepared by -----.
- Supplier
- Store keeper
- Foreman
- Purchase Manager

(b) State whether the following statements are **True** or **False** (any 7).

(1) Depreciation is an out of Pocket Cost.
(2) Variable Cost varies with time.
(3) Under ABC Analysis of material control 'A' stands for high numbe of items.
(4) A Cost Centre may be a person.
(5) Maintenance of building is a postponable cost.
(6) Goods Received Note is prepared by Storekeeper.
(7) Cost Unit and Cost Centre have the same meaning.
(8) Under absorption of overheads decreases profit in costing books.
(9) Idle time arises when workers are paid on piece basis.
(10) Cost of production is equal to prime cost plus works overheads.

2. (a) Calculate the Machine Hour Rate for machine No.10 installed in a factory from the following particulars. 8

	Per Annum (Rs.)	Per Hour
Supervisor's Salary	4,500	
Repairs and Maintenance	90	
Rent of Factory	2,400	
Insurance Premium	150	
Running Hours 1500 hours p.a	–	
Electric Power Consumed	–	15 units
Water	150	
Steam	225	

Other Information of Machine No. 10

Time devoted by Supervisor	1/10th
Area occupied by machine	1/4th
Rate of electricity	₹ 0.10 per unit
Original Cost of Machine	₹ 35,000
Carriage inwards on machine	₹ 5,000
Scrap value of machine	₹ 10,000
life of Machine	10 years

(b) From the following information, Calculate Economic Order Quantity and Number of orders to be placed in the year according to Tabular method and Formula method. 7

Annual Consumption of materials	6000 kgs.
Cost of placing an order	₹ 60
Cost per kg.	₹ 5
Storage and Carrying cost 10% on average inventory	

OR

2. (a) A modern Ltd., has three production and two service departments. The expenses for sept. 2015 are as follows :

Factory Rent	₹ 10,000
Lighting	₹ 7,100
Depreciation on Plant	₹ 6,000
Supervision	₹ 3,200
Power	₹ 18,000

The other information are as follows :

Particulars	Production Departments			Service Departments	
	I	II	III	P	Q
Indirect Materials (₹)	800	2,000	900	400	200
Indirect Wages (₹)	1,500	1,600	1,300	900	1,000
Area (Sq.ft.)	800	1,000	900	700	600
No. of light points	15	35	8	7	6
No. of workers	5	15	6	4	2
Value of plant (₹)	30,000	15,000	5,000	4,000	6,000
H.P. of Machines	4	3	3	2	–

You are required to perpare a statement of primary distribution of overheads

(b) The following information relates to year 2014-2015.

Details	Material X (₹)	Material Y (₹)
Opening Stock	1,60,000	2,80,000
Closing Stock	90,000	1,20,000
Purchases	10,00,000	5,00,000

Calculate :

(1) Material turnover ratio regarding each of these materials.

(2) Express in number of days the average inventory held.

(3) State which of the above two materials is slow moving material.

3. Following are the particular for April 2015 relating to four employees working in department M of a factory exclusively for Job No. 120. 15

Name of Employee	Wages (₹)	Per
A	10,000	Month
B	150	Day
C	120	Day
D	100	Day

The normal working hours per week of six days are 48 or 8 hours per day. Sundays are paid holidays. (There were no other holidays during the month)

Provident Fund contribution was 8% of monthly wages by employee.
Provident Fund contribution was 8% of monthly wages by employer.
Employees State Insurance Contribution was 3% of monthly wages by employees and 5% of monthly wages by employer.

From the foregoing data, calculate :

(a) Net wages payable by the employer for the month.

(b) The total amount of Provident Fund contribution to be deposited by employer.

(c) Employees State Insurance Contribution to be deposited by employer.

(d) Total labour cost to the employer for the month of April, chargeable to the job and

(e) The total cost of the job requiring materials is valued at Rs. 60,000 and overheads at 50% of prime cost.

OR

3. (a) From the following information, Calculate EOQ by Equation method and Tabular method. 8

Annual Consumption of materials (units)	4000 units
Cost of placing an order (Rs.)	₹ 250
Annual carrying cost	₹ 2 per unit
Cost of Materials	₹ 20 per unit

(b) XYZ Ltd. has five departments; A, B and C are production departments a[nd D]
& E are service departments. The actual cost for a period are as follows :

	₹
Motive power	5,500
Lighting	1,000
Stores overheads	4,000
Staff welfare expenses	15,000
Rent	27,500
Depreciation of Assets	1,50,000
Repairs	30,000

The following information is also available in respect of the five departm[ents]

Particulars	Production Departments			Service Departme[nts]	
	A	B	C	D	E
Area (Sq.ft.)	1,500	2,500	500	500	500
No. of workers	100	150	150	50	50
Direct Wages (₹)	20,000	30,000	40,000	10,000	20,00[0]
Direct Material (₹)	10,000	20,000	20,000	15,000	15,00[0]
Value of Asset (₹)	6,00,000	4,00,000	3,00,000	1,00,000	1,00,00[0]
No. of light points	10	16	4	6	4
H.P. of Machines	4	3	2	1	1

Prepare a statement showing Primary Distribution of overheads.

4. Following details are furnished by ABC Ltd. of expenses incurred during the year ended. 31st March, 2015. 15

Particulars	
	₹
Opening Stock of Finished Goods (1,000 Units)	1,49,500
Direct Materials	8,00,000
Depreciation on Plant & Machinery	2,00,000
Demonstration Expenses	99,750
Expenses on Special Design	2,00,000
General Manager's Salary	5,00,000
Dividend Received	50,000
Goodwill written off	60,000
Direct Wages	12,50,000
Sales Promotion Expenses	4,98,750
Drawings & Designing Expenses	1,00,000
Purchase of Furniture	10,00,000
Depreciation on Delivery Van	1,14,000
Office Maintenance Charges	1,50,000
Mailing Charges on Sales Literature	38,000
Director's Fees	5,00,000
Office Salaries	10,00,000

Other Information :

(i) Stock of Finished goods at the end of the year were 2,000 units to be valued at cost of production.

(ii) Number of units sold during the year 19,000.

(iii) Profit desired on sales is 10%.

Prepare Cost Sheet showing the various elements of cost both in total and per unit and also find out total profit and per unit profit.

OR

4. Following is the Profit & Loss Account as per financial records of Kavit[illegible] Enterprises for the year ended 31[st] March, 2015.

Dr. Cr.

Particulars	Rs.	Particulars	Rs.
To Materials Consumed	5,20,000	By Sales (16,000 Kgs)	20,72,000
To Direct Wages	2,55,000	By Rent Income	1,50,000
To Factory Overheads	3,60,000	By Closing Stock :	
To Administrative Overheads	4,00,000	Finished Goods	
To Sales Overheads	8,00,000	(2,000 Kgs)	1,50,000
To Income Tax	30,000		
To Net Profit	7,000		
	23,72,000		23,72,000

For the same period Cost Accounts Records showed the following:

(1) Materials consumed 20,000 kgs @ ₹ 27 per kg.

(2) Direct wages 3,000 Man days @ ₹ 90 per Man day.

(3) Factory overheads @ 20% of the Prime cost.

(4) Administrative overheads ₹ 30 per kg of output produced.

(5) Sales overheads@ ₹ 50 per kg of output sold.

(6) Closing stock of Finished goods was valued at cost of production.

(7) Selling price was ₹ 135 per kg.

Prepare :

(i) Cost Statement for the year ended 31st March, 2015 and

(ii) Statement of Reconciliation.

5. (A) State and explain objectives of Cost Accounting.

(B) What are the main features of Halsey Premium Plan and Rowan Premium Pl[illegible]

OR

5. Write short notes on (any **Three**).

(a) Limitations of Financial Accounting

(b) Causes of difference between Financial and Costing Profits

(c) Stock Levels

(d) Labour Idle Time

(e) Material Purchase Requisition