



**III Semester 5 Year B.Com. LL.B. Examination, September/October 2023**  
**(June 2023)**

**COST ACCOUNTING**

Duration : 3 Hours

Max. Marks : 80

**Instructions : 1. Answer all five Units.**

**2. One essay type question and short note/problems is compulsory from each Unit.**

**3. Figures to be right indicate marks.**

**4. Answer should be written either in English or Kannada.**

**UNIT – I**

Q. No. 1. a) A manufacturer presents the following details about the various expenses incurred by him. Stock of raw materials on 1<sup>st</sup> January 2019 Rs. 24,000, Purchases of raw materials Rs. 92,000, Drawing office salary Rs. 3,200, Carriage inwards Rs. 2,300, Bad debts Rs. 2,000, Rent and rates Rs. 5,000, Factory rent Rs. 1,000, Carriage outwards Rs. 2,100, Productive wages Rs. 60,500, Depreciation on plant Rs. 3,200, Depreciation on office furniture Rs. 150, Gas and water Rs. 300, Travelling salesmen commission Rs. 2,400, Advertising expenses Rs. 1,500, Warehouse rent Rs. 1,000, Printing and Stationery Rs. 1,200, Telephone charges Rs. 800, Sales Rs. 3,50,000.

Prepare cost sheet from the above information.

Marks : 10

**OR**

Q. No. 1. a) Differentiate between Financial Accounting and Cost Accounting.

Marks : 10

Q. No. 1. b) Write a note on classification of cost.

Marks : 6

**OR**

Q. No. 1. b) Write a short note on cost centre and cost unit.

Marks : 6

**P.T.O.**



## UNIT – II

Q. No. 2. a) The following transactions occur in the purchase and issue of a material 2022.

Marks : 10

Jan. 3 – Purchased 500 units at Rs. 2 per unit.

Jan. 5 – Purchased 200 units at Rs. 4 per unit.

Jan. 7 – Issued 600 units.

Jan. 9 – Purchased 300 units at Rs. 7 per unit.

Jan. 11 – Issued 100 units.

Jan. 13 – Purchased 1000 units at Rs. 6 per unit.

Jan. 14 – Issued 250 units.

Jan. 29 – Shortage of 150 units.

Jan. 30 – Issued 50 units

Prepare stores ledger using FIFO method.

OR

Q. No. 2. a) The receipt side of stores ledger account shows the following particulars 2021.

Marks : 10

1 Dec. – Opening Balance 450 units at Rs. 2.

5 Dec. – Received from vendor 450 @ Rs. 3.

12 Dec. – Received from vendor 500 units at Rs. 2.2.

20 Dec. – Received from vendor 800 units at Rs. 2.50.

25 Dec. – Received from vendor 1000 units at Rs. 1.9

Issues of materials

4 Dec. – 100 units

10 Dec. – 200 units

15 Dec. – 150 units

19 Dec. – 120 units

27 Dec. – 220 units

30 Dec. – 190 units

Prepare stores ledger using LIFO method.



Q. No. 2. b) Calculate reorder level, maximum stock level, minimum stock level, danger level.

Marks : 6

Reorder quantity – 4800 units.

Minimum consumption – 950 units per week

Maximum consumption – 1250 units per week

Reorder period – 2 to 5 weeks

Emergency period – 2 weeks.

OR

Q. No. 2. b) Medical Aids Co. manufactured a special product. The following particulars were collected for the year 2020. Find EOQ, reorder level and maximum stock level.

Marks : 6

Cost of placing an order – Rs. 100

Annual carrying cost per unit – Rs. 15

Usage of material per week – Minimum – 25 units

Maximum – 75 units

Reorder period – 4 to 6 weeks.

UNIT – III

Q. No. 3. a) Calculate the earnings of workers A, B, C and D for a week under Taylor's plan, Merrick's plan.

Marks : 10

Time rate is Rs. 30 per hour. Standard output per hour is 6 units. Differential rates are Low piece rate – 80% of piece rate. High piece rate – 120% of piece rate. In a day of 8 hours, Mr. A produced 39 units, Mr. B – 45 units, Mr. C – 48 units, Mr. D – 50 units.

OR



Q. No. 3. a) In a factory, workers are paid on a weekly basis (48 hours per week) at a guaranteed hourly rate of Rs. 30. Time required to manufacture one unit is 12 minutes. During the first week of January 2022, Mr. Prem produced 224 units. Compute his wages using

Marks : 10

- |                |                  |
|----------------|------------------|
| 1) Time rate   | 2) Piece rate    |
| 3) Halsey plan | 4) Rowan's plan. |

Q. No. 3. b) Write a short note on labour turnover.

Marks : 6

OR

Q. No. 3. b) Write a short note on Time Keeping and Time Booking.

Marks : 6

#### UNIT – IV

Q. No. 4. a) A factory has three production departments and two service departments.

Marks : 10

|  | Production depts | Service depts |   |   |   |  |
|--|------------------|---------------|---|---|---|--|
|  | A                | B             | C | D | E |  |

Total overhead

as per primary

|              |       |       |       |       |       |
|--------------|-------|-------|-------|-------|-------|
| distribution | 80000 | 60000 | 40000 | 20000 | 15000 |
|--------------|-------|-------|-------|-------|-------|

Expenses of service department are to be charged on percentage basis as follows.

|                        |     |     |     |     |     |
|------------------------|-----|-----|-----|-----|-----|
| <b>Service Dept. D</b> | 35% | 25% | 20% | –   | 20% |
| <b>Service Dept. E</b> | 25% | 40% | 20% | 15% | –   |

Allot the service department expenses under repeated distribution method and simultaneous equation method.

OR



Q. No. 4. a) Compute the machine hour rate for a machine from the following details.

Marks : 10

Cost of machine Rs. 1,00,000

Installation charges Rs. 10,000

Estimated scrap value after expiry of its life of 15 years Rs. 5,000

Rent and rates for the shop per month Rs. 200

General lighting for the shop per month Rs. 300

Insurance premium per annum Rs. 900

Power consumption (10 units per hour)

Rate of power per 100 units Rs. 20

Shop supervisor's salary per month Rs. 600

Estimated working hours per annum Rs. 2,200

The machine occupies  $\frac{1}{4}$ <sup>th</sup> of total area of shop.

Q. No. 4. b) State the basis of apportionment for the following expenses. Marks : 6

(i) Rent

(ii) Power

(iii) Depreciation

(iv) General Expenses

(v) Repairs

(vi) Canteen Expenses.

OR

Q. No. 4. b) Write a short note on Secondary overhead distribution summary.

Marks : 6



## UNIT – V

- Q. No. 5. a) XYZ Ltd. furnishes the following information of its cost and profit for the year 2018 and 2019.

Marks : 10

| Year | Cost          | Profit       |
|------|---------------|--------------|
| 2018 | Rs. 12,00,000 | Rs. 2,00,000 |
| 2019 | Rs. 15,00,000 | Rs. 3,00,000 |

Calculate the following.

- (1) Profit volume ratio
- (2) Fixed expenses
- (3) Profit when the sales Rs. 20,00,000
- (4) Break even point.
- (5) Estimated sales when desired profit is Rs. 2,50,000.

OR

- Q. No. 5. a) A company is expecting to have Rs. 16,000 cash in hand on 1<sup>st</sup> April 2020 and requests you to prepare a cash budget for three months April to June 2020. The following information is supplied to you.

Marks : 10

| Month    | Sales  | Purchases | Wages | Expenses |
|----------|--------|-----------|-------|----------|
| February | 35,000 | 22,000    | 3,000 | 2,500    |
| March    | 40,000 | 28,000    | 4,500 | 3,000    |
| April    | 48,000 | 30,000    | 4,500 | 3,500    |
| May      | 50,000 | 34,000    | 5,500 | 4,500    |
| June     | 60,000 | 31,000    | 7,000 | 4,500    |



**Other information :**

- (1) Period of credit allowed by suppliers is 2 months.
- (2) 25% of sales is for cash and period of credit allowed to customers for credit sales is one month.
- (3) Delay in payment of wages and expenses one month.
- (4) Income tax paid Rs. 14,000 in June 2020.

Q. No. 5. b) Write a short note on Functional Budgets.

Marks : 6

OR

Q. No. 5. b) X Co. manufactures and sells 6000 units of a product at a variable cost of Rs. 42 each. The fixed costs are Rs. 1,80,000. The selling price is fixed to make a profit of 25% on sales. You are required to calculate break even point and PV ratio.

Marks : 6

---