

SEM	SET	PAPER CODE	TITLE OF THE PAPER
II	2014	14PCC2106	COST ACCOUNTING

**SECTION – B****Answer all the questions:****5 x 5 = 25**

31. a. From the following information, prepare a cost sheet for the month of January.

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Stock of raw materials on 1 <sup>st</sup> January	25,000
Stock of raw materials on 31 <sup>st</sup> January	26,200
Purchase of raw materials	21,900
Carriage on purchases	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling overheads	4,200

**OR**

- b. A Factory produces 100 units of a commodity. The cost of production is;

Materials - ` 10,000

Wages - ` 5,000

Direct expenses - ` 1,000

Factory overheads are 125% on wages, office overheads are 20% on works cost. Expected profit is 25% on sales.

Calculate price to be fixed per unit.

32. a. From the following information, calculate;
- a) Maximum stock level
  - b) Minimum stock level
  - c) Re-order level
  - d) Average stock level
- Minimum consumption – 240 units per day  
Maximum consumption – 420 units per day  
Normal consumption – 300 units per day  
Re-order quantity – 36,000 units  
Re-order period – 10-15 days  
Normal re-order period – 12 days

**OR**

- b. The following information of XY ltd., ascertain the quantity of closing stock as on 31<sup>st</sup> March and state its value under weighted average cost method.
- March 2013:
- 1 – Purchased 300 units at ` 3 per unit
  - 5 – Purchased 500 units at ` 4 per unit
  - 10 – issued 500 units
  - 12 – purchased 700 units at ` 4.50 per unit
  - 15 – Issued 700 units
  - 20 – Purchased 300 units at ` 5 per unit
  - 30 – Issued 150 units.
33. a. From the following particulars, calculate the earnings of different workers under Taylor's differential piece rate system.
- Standard time per unit : 6 minutes
  - Normal rate : ` 5 per hour
- Differential piece rate:
- 80% of piece rate below the standard
  - 120% of piece rate at or above the standard.

In a day of 8 hours, the production by different workers is as under; Ajay: 70 units; Bala: 80 units; Chandran: 90 units; Dravid: 100 units.

**OR**

- b. Standard time allowed for a job is 50 hours. The hourly rate of wages is ₹ 2 per hour. The actual time taken by the worker was 40 hours. calculate total wages on;
- i) Piece basis ii) Halsey plan iii) Rowan plan.
34. a. The modern co., is divided into four departments – A, B, C are producing departments and D is a service department. The actual costs for a period are as follows;

	₹
Rent	1,000
Repairs to plant	600
Depreciation on plant	450
Employer's liability for insurance	150
Supervision	1,000
Fire insurance in respect of stock	500
Power	900
Light	120

The following information are available in respect of the 4 departments.

Particulars	Dept. A	Dept. B	Dept. C	Dept. D
Area (sq. metres)	1,500	1,100	900	500
No. of employees	20	15	10	5
Total wages (₹)	6,000	4,000	3,000	2,000
Value of plant (₹)	24,000	18,000	12,000	6,000
Value of stock (₹)	15,000	9,000	6,000	--
HP of plant	24	18	12	6

Apportion the costs of the various departments on the most equitable basis.

**OR**

- b. Compute the machine hour rate to cover the overhead expenses indicated below;

	Per Hour		Per Annum
Electric power	75 paise	Repairs	530
Steam	10 paise	Rent	270
Water	2 paise	Running hours	2,000

Original cost of machine - ₹ 12,500

Book value - ₹ 2,870

Present replacement value - ₹ 11,500

Depreciation – 7½ % per annum.

35. a. In a factory, the output of a product passes through two processes P and Q. In each process 5% of the total weight put in is lost and 10% scrap which realize from process P and Q ₹ 40 and ₹ 100 per ton respectively.

Particulars	Process	
	P	Q
Materials consumed (in tons)	1,600	112
Cost of materials per ton	₹ 250	₹ 400
Wages	₹ 28,800	₹ 19,200
Manufacturing expenses	₹ 12,000	₹ 8,000

Prepare process accounts.

**OR**

- b. Prepare a reconciliation statement from the following data:

	₹
Net profit as per financial books	63,780
Net profit as per cost books	66,760
Factory overheads under-recovered in costing	5,700
Administrative overheads recovered in excess	4,250
Depreciation charged in financial books	3,660
Depreciation recovered in costing	3,950
Interest received but not included in costing	450

Income tax provided in financial books	600
Bank interest credited in financial books	230
Stores adjustment credited in financial books	420
Depreciation of stock charged in financial books	860
Dividend appropriated in financial books	1,200
Loss due to pilferage provided only in financial books	260

### SECTION – C

**Answer any THREE questions:**

**3 x 15 = 45**

36. Prepare a cost sheet from the following information:

	Opening `	Closing `
Stock of raw material	75,000	78,750
Work-in-progress	24,600	27,300
Stock of finished goods	52,800	47,250

	`
Purchases for the year	65,700
Sales	2,16,930
Direct wages	51,450
Works expenses	25,020
Selling and distribution expenses	12,630
Scrap sold	990
Office expenses	20,610

37. The following is an extract of the record of receipts and issues of Sulphur in a chemical factory during June 2010.

June 2010:

- 1 – Opening balance 100 tons @ ` 200
- 8 – Issued: 50 tons
- 14 – Received from supplier 40 tons @ ` 190
- 17 – Issued 36 tons
- 21 – Received from supplier 48 tons @ ` 180

- 24 – Issued: 60 tons
- 25 – Returned to suppliers 10 tons out of goods received on 21<sup>st</sup> June
- 26 – Received from supplier 64 tons @ ` 190
- 29 – Issued: 40 tons
- 30 – Returned from department 6 tons @ 190.

The stock verifier of the factory had found a shortage of 2 tons on 23<sup>rd</sup> June and left a note accordingly. You are required to prepare stores ledger account under FIFO method.

38. a) Calculate earnings of 3 workers A, B and C under the Merrick’s plan of piece rate system given the following;

Standard production – 120 units

Production of A – 90 units

Production of B – 100 units

Production of C – 130 units

Ordinary piece rate – Re. 0.10.

- b) During a week, a worker produced 300 units working for 48 hours. The hourly rate is ` 4. The estimated time to produce a unit is 10 minutes. Under incentive scheme, 20% additional time is allowed. Calculate his gross earnings under Halsey and Rowan plans.

39. Bharat Engineering works has three production departments A, B and C and one service department S. From the under mentioned particulars, calculate labour hour rate for each of production department.

Expenses for the period of 12 months:-

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Rent	36,000
Power	8,250
Indirect wages	5,200

Depreciation on machinery	22,000
Electricity	5,600
Canteen expenses	6,500

Additional information:-

	A	B	C	D
Light points (Nos.)	7	7	9	5
Floor space (sq. mts.)	300	250	450	200
HP of machines	65	30	30	40
No. of workers	2	3	6	2
Direct wages (₹)	12,000	14,000	18,000	8,000
Cost of machine (₹)	50,000	60,000	80,000	10,000

Working days: 200 days of 8 hours each. Service rendered by service department S to production department A, B and C are 30%, 20% and 50% respectively.

40. Prepare statement of equivalent production, statement of cost and process account from the following information;

Units introduced – 7,600

Output (units) – 6,000

Process cost:-

Material 14,560

Labour 21,360

Overheads 14,240

Degree of completion of closing work-in-progress:

Materials – 80%

Labour – 70%

Overheads – 70%

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