



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S

Vidya Prabodhini College of Commerce, Education, Computer & Management  
Vidyanagar, Alto-Parvari, Goa

**SEMESTER END EXAMINATION – APRIL 2017 (Regular/Repeat)**

**Sub:** Cost Accounting

**Semester:** II

**M. Marks:** 80

**M. Time:** 2 hours

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- Instructions
- 1) Question No. 1 is compulsory
  - 2) Answer any **THREE** questions from Q.No. 2 to Q.No. 6
  - 3) Figures to the right indicates marks
  - 4) Working notes forms a part of an answer
  - 5) Answer each main question on a fresh page

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Q1. Amit Company has five departments; M, N and O are production department and A and B are service department. You are required to prepare departmental distribution summary on most equitable basis.

**(20 marks)**

Particulars	Production department			Service department	
	M	N	O	A	B
Floor Space (Sq. Ft.)	3,000	2,000	3,000	1,500	500
Employees (No.)	200	150	150	50	50
Electricity (KWH)	50	80	30	20	20
Light points (No.)	15	10	10	5	10
Asset values (₹)	60,000	1,00,000	40,000	25,000	25,000
Direct Wages (₹)	150	250	100	50	50

The overhead for the 6 months were as under

Indirect cost	Amount (₹)	Indirect cost	Amount (₹)
Rent of a building	4,000	E.S.I contribution	3,600
Power	1,800	Repairs of machinery	15,000
Lighting	2,500	Canteen expenses	4,800



Q2. From the following particulars you are required to work out the earnings of a worker

- Straight piece rate
- Differential piece rate
- Halsey premium plan
- Rowan plan

(20 marks)

Number of working hours	50 hours
Hourly wage rate	₹ 6
Piece rate per unit	₹ 5.50
Normal time taken per piece	24 minutes
Normal output per week	120 pieces
Actual output per week	140 pieces

Differentials to be applied – 80% of piece rate when the output is below standard and 120% of piece rate when output above standard.

Q3.

i) Calculate the labour cost per hour from the following information for the month of March 2016

(15 marks)

- Basic Salary ₹ 3,000
- Dearness allowance 40% Basic Salary
- Leave salary 10% of (a) and (b)
- Employer's contribution to Provident Fund 8% of (a), (b) and (c)
- Employer's contribution to State Insurance 2.5% of (a), (b) and (c)
- Employee's contribution to Provident Fund 4% of (a), (b) and (c)
- Employee's contribution to State Insurance 1.5% of (a), (b) and (c)
- City compensatory allowance ₹ 400 per month
- Transport allowance ₹ 200 per month
- Expenditure to amenities to labour 200 per head per month
- Number of working days in a month 25 days of 8 hours

ii) What is labour turnover? State the causes of labour turnover.

(5 marks)



Q4) The following particulars have been extracted from the books of manufacturing company. Prepare the statement of cost showing Prime Cost, Factory Cost, Office Cost, Cost of Sales for the year ended 31<sup>st</sup> March 2016. (20 marks)

Particulars	(₹)	Particulars	(₹)
Stock on 1-4-2014		Office building	2,50,000
Raw materials	47,000	Travelling expenses of salesman	1,100
W.I.P.	39,640	Haulage	6,000
Finished stock	17,360	Advertisement	2,000
Purchase of raw materials	2,45,000	Productive wages	30,000
Managing Directors remuneration	12,000	Repairs of plant and machinery	2,600
Factory Plant	3,00,000	Insurance of factory	2,850
Advance Income Tax paid	15,000	Transfer to General Reserve	20,000
Donation	15,000	Other direct charges	5,200
Carriage and freight outward	2,500	Sales promotion expenses	4,800
Drawing office expenses	1,800	Factory Rent	8,000
Postage expenses	460	Stock as on 31-3-2015	
Indirect wages	3,500	Raw materials	50,000
Cleaning expenses	3,000	W.I.P.	35,150
Salesman salary	8,000	Finished stock	15,750

#### Additional information

1. Manager Director's remuneration to be apportion to factory, office and selling in the ratio 4:2:6 respectively.
2. Cleaning expenses to distributed equally to factory and office.
3. Depreciation to be calculated at 10% of Office building and 5% on Factory plant.



Q5. A machine was purchased on 1<sup>st</sup> January for ₹ 5,00,000. The following particulars are further available: **(20 marks)**

Installation charges incurred is ₹ 5,000

Expected life of the machine is 10 years

Scrap value at the end of 10<sup>th</sup> year is 5,000

Repairs and maintenance for the machine during the year ₹ 2000

Expected number of working hours of machine is 4,000 hours per annum

Annual insurance premium paid for the machine ₹ 4,464.

Power consumption for the machine is 25 units.

Rate of power is ₹ 10 per 100 units

Area occupied by the machine is 20%

Salary of attendant ₹ 600 per month. He devotes 1/5 of his time for the machine

Rent for four months for the machine is ₹ 800

Consumable stores ₹ 1,000 per year

Lighting charges for 20 points for the whole department, out of which 3 points are used for the machine ₹ 120 per month.

Calculate the machine hour rate for the machine

Q6. Write a note on ANY FOUR of the following. **(4X5=20 marks)**

- i) Methods of time keeping
- ii) Causes of Idle time.
- iii) Methods of Time Booking.
- iv) Effects of Labour turnover.
- v) Repeated distribution method.
- vi) Monetary benefits