

B.Com. (Semester – V) Examination, June 2022
DSE 2: COST ACCOUNTING MAJOR II
Cost Accounting II

Duration: 2 Hours

Total Marks: 80

- Instructions:** 1) Question No. 1 is **compulsory**.
 2) Answer **any 3** questions from Q. No. 2 to Q. No. 6.
 3) Give working notes **wherever** necessary.
 4) **All** questions carry **equal** marks.

Q.1 The following data was obtained from the books of M&M Company which has three production departments 'A', 'B' and 'C' and two service departments 'X' and 'Y' for half year ended 30th September, 2021.

| | <u>Production Departments</u> | | | <u>Service Departments</u> | |
|------------------------|-----------------------------------|--------|--------|--------------------------------|--------|
| | 'A' | 'B' | 'C' | 'X' | 'Y' |
| Direct Wages (Rs.) | 7,000 | 6,000 | 5,000 | 1,000 | 1,000 |
| Direct Materials (Rs.) | 3,000 | 2,500 | 2,000 | 1,500 | 1,000 |
| Employees (numbers) | 400 | 300 | 300 | 100 | 100 |
| Asset Value (Rs.) | 50,000 | 30,000 | 20,000 | 10,000 | 10,000 |
| Electricity (kwh.) | 8,000 | 6,000 | 6,000 | 2,000 | 3,000 |
| Light Points (numbers) | 10 | 15 | 15 | 5 | 5 |
| Area occupied (sq.ft.) | 800 | 600 | 600 | 200 | 200 |

The expenses for six months were as under:

| | Rs. |
|-------------------------|------------|
| Stores overhead | 400 |
| Motive Power | 1,500 |
| Electric Lighting | 200 |
| Labour Welfare | 3,000 |
| Depreciation | 6,000 |
| Sundries | 19,390 |
| Repairs and Maintenance | 1,200 |
| General Overheads | 10,000 |
| Rent and Taxes | 600 |

You are required to prepare:

- (i) a primary distribution summary showing the distribution of overheads to various departments
- (ii) a showing re-apportionment of service departments' expenses to production departments. Apportion the expenses of service department 'X' in the ratio of 2:3:5 and that of service department 'Y' in the ratio of 5:3:2 to production departments 'A', 'B' and 'C' respectively.

20

Q.2 From the following particulars you are required to calculate the earnings of a worker for a week under

- (i) Straight Piece Rate System
- (ii) Taylor's Differential Piece Rate System
- (iii) Halsey's Premium Plan
- (iv) Rowan's Premium Plan

| | |
|----------------------------------|---|
| Number of working hours per week | 48 hours |
| Wages Per Hour | Rs. 11.50 |
| Rate Per Piece | Rs. 4.50 |
| Normal time taken per piece | 20 minutes |
| Normal output per week | 150 pieces |
| Actual output per week | 180 pieces |
| Differential piece rates | 80% of piece rate when output below normal production and 120% of piece rate when output above the normal production. |

20

Q.3 a) The following annual charges are incurred in respect of a machine in a shop where manual labour is almost nil and where work is done by means of five machines of exactly similar type of specification.

| | Rs. |
|---|------------|
| i) Rent and Rates (proportional to the floor space occupied) for the shop | 9,600 |
| ii) Depreciation on each machine | 1,000 |
| iii) Repairs and maintenance for five machines | 2,000 |
| iv) Electric charges for light in the shop | 1,080 |
| v) Sundry supplies such as lubricants, jute, cotton waste, etc. for the shop | 900 |
| vi) Attendants: There are two attendants for the five machines and they are each paid Rs. 120/- per month. | |
| vii) Supervision: For the five machines in the shop, there is one supervisor whose emoluments are Rs. 500/- per month. | |
| viii) Power consumed - Rs 0.05 per unit. The machine uses 20 units of power per hour. | |
| ix) Annual working hours per machine - 2,400 hours. | |

12

b) The following is the budget of Essel Engineering Works for the year 2021.

| | |
|---------------------|--------------|
| Factory overheads | Rs. 29,000 |
| Direct Labour cost | Rs. 48,900 |
| Direct Labour Hours | 67,000 hours |

From the above figures calculate:

- (i) Overhead application rates using Direct Labour Hour Method and Direct Labour Cost Method.
- (ii) Prepare a comparative statement of cost showing the result of application of each of the above rates to job no. 667 from the under mentioned data:

| | |
|----------------------|----------|
| Direct Material cost | Rs. 50 |
| Direct Labour cost | Rs. 35 |
| Direct Labour hours | 15 hours |

08

- Q.4** a) What is Idle time? Explain the types of idle time and its treatment in cost accounts. **10**
- b) The following particulars of M/s Ruchi & Co. relate to the year ending 31st March, 2022.

| Particulars | Amount (Rs.) |
|--|--------------|
| Basic Wages | 35,000 |
| House Rent Allowance | 4,500 |
| Overtime Allowance | 3,200 |
| Night Shift Allowance | 4,600 |
| Provident Fund deposited for the period | 15,000 |
| Employees' State Insurance Contribution for the period | 4,808 |
| Recovery towards House Rent | 6,200 |
| Recovery towards supply of goods | 5,000 |

- (i) Dearness Allowance – 20% of basic wages.
(ii) Provident Fund is paid for by the employer and the employee in equal share.
(iii) The ratio of contribution by employer and employee to Employee State Insurance is 7:5.

Determine the net amount of wages paid in cash to employees for the year ending 31st March, 2022. **10**

- Q.5** a) What is time wage system? Discuss its merits and demerits. **10**

- b) What are overheads? Explain the classification of overhead costs. **10**

Q.6 Write short notes on the following (**any four**):

- a) Objectives of time booking.
b) Causes of Labour Turnover.
c) Distinguish between cost allocation and cost apportionment.
d) Advantages of departmentalisation of overhead expenses.
e) Accounting for under-absorption and over-absorption of overheads. **20**