(i) **Printed Pages : 7** **Roll No. .....**

(ii) **Questions : 14** **Sub. Code :** 0818

Exam. Code : 0013

Bachelor of Commerce 3rd Semester

(1129)

COST ACCOUNTING

Paper–BCM-302

Time Allowed : 3 Hours] **[Maximum Marks : 80**

Note :– Attempt **four** questions from Section–A and **two** questions each from Section-B and Section-C. Use of non-programmable calculator is allowed.

SECTION—A (4×5)

1. Explain Imputed Value Concept.

2. Distinguish between cost sheet and production account.

3. Calculate fixed and variable cost from the following information.

Output (Units)	Total Cost (Rs.)
1200	10,000
1500	11,800

4. A manufacturer buys certain equipment from suppliers at Rs. 30 per unit. Total annual needs are 800 units. Annual return on investments is 10%. Rent, insurance, storing per unit per year Rs. 2. Cost of placing an order Rs. 100. Find EOQ.

5. The cost accountant of Yatra Limited has computed labour turnover rates for the quarter ending 31st March 2019 as 10%, 5% and 3% under Flux method, Replacement method and Separation method respectively. Number of workers replaced during that quarter is 30. Find out the number of workers who were recruited and joined and workers who left and were discharged.

6. From the following particulars, you are required to prepare a reconciliation Statement :

	Rs.
Net Loss as per cost accounts	3,44,800
Net Loss as per financial accounts	4,32,890
Works overhead under recovered in cost accounts	6,240
Depreciation over charged in Cost Account	2,600
Interest on investment	17,500
Administration overhead over recovered in Cost Account	2,600
Goodwill written off	92,000
Stores adjustment (or) in financial A/c	950
Depreciation of stock charged in financial A/c	13,500

SECTION—B (2×15)

7. What are the essential principles of a good costing system ? What are the objections to the introduction of a costing system ?

8. "Costs may be classified in a variety of ways according to their nature and the information needs of Management." Explain and discuss this statement citing examples of classification required for different purposes.

9. The following transactions occur in the purchase and issue of a material :

January	2	Purchased, 4,000 units at Rs 4 per unit.
	20	Purchased, 500 units at Rs. 5 per unit.
February	5	Issued. 2,000 units
	10	Purchased, 6,000 units at Rs. 6 per unit
	12	Issued, 4,000 units
March	2	Issued, 1,000 units
	5	Issued, 2,000 units
	15	Purchased, 4,500 units at Rs. 5.50 per unit
	20	Issued, 3,000 units.

Prepare stores ledger account using (a) Simple Average Method, (b) Weighted Average Method.

10. ZED Ltd. is working by employing 50 skilled workers. It is considering the introduction of incentive scheme-either Halsey

scheme (with 50 per cent bonus) or Rowan scheme of wage payment for increasing the labour productivity to cope up with the increasing demand for the product by 40 per cent. It is believed that proposed incentive scheme could bring about an average 20 per cent increase over the present earnings of the workers; it could act as sufficient incentive for them to produce more.

Because of assurance, the increase in productivity has been observed as revealed by the figures for the month of April.

Hourly rate of wages (guaranteed)	Rs. 30
Average time for producing one unit by one worker at the previous performance (This may be taken as time allowed)	1.975 hours
Number of working days in the month	24
Number of working hours per day of each worker	8
Actual production during the month	6,120 units

REQUIRED :

(i) Calculate the effective rate of earnings under the Halsey scheme and the Rowan scheme.

(ii) Calculate the savings to the ZED Ltd in terms of direct labour cost per piece.

(iii) Advise ZED Ltd about the selection of the scheme to fulfill their assurance.

SECTION—C (2×15)

11. In a machine shop, the machine-hour rate is worked out at the beginning of a year on the basis of a 13-week period which is equal to three calendar months. The following estimates for operating a machine are relevant.

Total working hours available per week	48
Maintenance time included in the above	2
Setting up time included in the above	2
Cost details :	
Operator's wages per month	Rs. 13,000
Supervisor's salary per month	Rs. 20,000
Written down value of machine (depreciation at 12 per cent)	Rs. 18,00,000
Repairs and maintenance per annum	Rs. 1,60,000
Consumable stores per annum	Rs. 3,00,000
Rent, rates and taxes (for the quarter apportioned)	Rs. 48,108

Power consumed is 10 units per hour @ Rs. 5 per unit. Power is required for productive hours only. Setting-up time is part of productive time but no power is required for setting-up jobs.

The operator and supervisor are permanent. Repairs and maintenance and consumable stores are variable.

You are required to :

(a) Work out the machine-hour rate

(b) Work out the rate for quoting to the outside party for utilising the idle capacity in the machine shop assuming a profit of 20 per cent above variable cost.

12. A toy manufacturer earns an average net profit of Rs. 3 per piece on a selling price of Rs. 15 by producing and selling 60,000 pieces at 60 per cent of the potential capacity. The composition of cost of sales is :

Direct materials	:	Rs. 4
Direct material	:	Re. 1
Works overheads	:	Rs. 6 (50 per cent fixed)
Sales overheads	:	Re. 1 (25 per cent variable)

During the current year, he intends to produce the same number but anticipates that :

(1) His fixed charges will go up by 10 per cent.

(2) Rates of direct labour will increase by 20 per cent.

(3) Rates of direct material will increase by 5 per cent.

(4) Selling price cannot be increased.

Under these circumstances, he obtains an order for a further 20 per cent of his capacity. What minimum price will you recommend for accepting an order to ensure the manufacturer an overall profit of Rs. 1,83,500 ?

13. What do you understand by Integrated Accounts and what are the principles involved ? State the advantages of Integrated Accounts.

14. "The more kilometers you travel with your own vehicle, the cheaper it becomes." In the light of operation costing, comment on this statement.