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T.Y.B.Com Semester V (CBCS) Ordinance
EXAMINATION MAY 2023
Cost Accounting Major II : Cost Accounting II

[Time: 2 Hours]

[Max. 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.

Q1 An engineering company is having three production departments - 'A', 'B' and 'C' and two service departments - 'X' and 'Y'. The following particulars have been extracted for the year ended 31st March, 2018. **20**

| Particulars | Production Departments | | | Service Departments | |
|------------------------|------------------------|--------|--------|---------------------|--------|
| | 'A' | 'B' | 'C' | 'X' | 'Y' |
| Direct Wages (Rs.) | 30,000 | 45,000 | 60,000 | 15,000 | 30,000 |
| Direct Material (Rs.) | 15,000 | 30,000 | 30,000 | 22,500 | 22,500 |
| Staff (numbers) | 1,500 | 2,250 | 2,250 | 750 | 750 |
| Electricity (kwh.) | 6,000 | 4,500 | 3,000 | 1,500 | 1,500 |
| Asset Value (Rs.) | 60,000 | 40,000 | 30,000 | 10,000 | 10,000 |
| Light points (numbers) | 10 | 16 | 4 | 6 | 4 |
| Area (sq.mt.) | 150 | 250 | 50 | 50 | 50 |

The expenses for the period are as under:

| | Rs. |
|-------------------|--------|
| Power | 1,100 |
| Lighting | 200 |
| Stores Overhead | 800 |
| Welfare of Staff | 3,000 |
| Depreciation | 30,000 |
| Repairs | 6,000 |
| General Overheads | 12,000 |
| Rent and Taxes | 550 |

You are required to prepare

- i) A primary distribution summary showing the distribution of overheads to various departments.
- ii) A statement showing re-apportionment of service departments' expenses to production departments. Apportion the expenses of Service department 'Y' in the ratio of 2:3:4 and those of service department 'X' in the ratio of 5:3:2 to production departments 'A', 'B' and 'C' respectively.

Q2 From the following particulars you are required to calculate the earnings of a worker for 20 a week under

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

| | |
|-----------------------------|---|
| Weekly working hours | 48 hours |
| Rate Per Hour | Rs 7.50 |
| Piece Rate Per Unit | Rs 3 |
| Normal time taken per piece | 20 minutes |
| Normal output per week | 120 pieces |
| Actual output for the week | 150 pieces |
| Differential piece rates | 80% of piece rate when output below normal production and 120% of piece rate when output above the normal production. |

Q3 A. A machine is purchased for cash for Rs. 10,400. Its working life is estimated to be 36,000 hours after which its scrap value is estimated at Rs 400. It is assumed from past experience that:

- i) The machine will work for 3,600 hours annually.
- ii) The repair charges will be Rs 2,160 during the whole period of life of the machine.
- iii) The power consumption will be 10 units per hour at Rs 0.12 per unit.
- iv) The other annual standing charges are estimated to be as follows:

| | Rs. |
|--|--------|
| a) Rent of department (machine occupies $1/5^{\text{th}}$ of total space) | 1,560 |
| b) Light (12 points in the department, out of which 2 points are engaged on the machine) | 576 |
| c) Foreman's salary ($1/4^{\text{th}}$ of his time is occupied in the machine) | 12,000 |
| d) Insurance Premium (fire) for the machinery. | 72 |
| e) Cotton Waste. | 120 |

You are required to calculate the Machine Hour Rate.

B. The following is the budget of Angel Engineering Works for the year 2018. 8

| | |
|---------------------|----------------|
| Factory overheads | Rs. 62,000 |
| Direct Labour cost | Rs. 98,000 |
| Direct Labour Hours | 1,55,000 hours |

From the above figures calculate

- i) Overhead absorption 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. 666 from the under mentioned data:

| | |
|----------------------|----------|
| Direct Material cost | Rs.45 |
| Direct Labour cost | Rs.50 |
| Direct Labour hours | 40 hours |

Q4 a) What is Labour Turnover? Enumerate the causes and indicate some measures to reduce labour turnover. **10**

b) A company closes its books every half year ended 30th June, 2018. The following particulars were obtained from the books of the company. **10**

| | Amount (Rs.) |
|--|--------------|
| Basic Wages | 90,000 |
| House Rent Allowance | 13,500 |
| Overtime Allowance | 12,400 |
| Night Shift Allowance | 10,600 |
| Provident Fund deposited for the period | 21,200 |
| Employees' State Insurance Contribution for the period | 5,000 |
| Recovery towards House Rent | 18,600 |
| Recovery towards supply of provisions. | 24,200 |

The following additional information is provided.

- Dearness Allowance - 10% of basic wages.
- Provident Fund is paid for by the employer and the employee in equal share.
- The ratio of contribution by employer and employee to Employees State Insurance is 3:2.

Determine the net amount of wages paid in cash to employees over the period of six months.

Q5 a) What is time rate system? Explain its advantages and limitations. **10**
b) Define overheads. Discuss the classification of overheads costs. **10**

Q6 Write short notes on the following (any four): **20**

- Methods of time keeping.
- Normal idle time and Abnormal Idle time.
- Distinguish between cost allocation and cost apportionment.
- Advantages of departmentalisation of overhead expenses.
- Actual overhead rate v/s Pre-determined overhead rate.