

FOUNDATION COURSE- COST ACCOUNTING
Revised Course w.e.f. 2013-2014

Duration: 2 Hours

Total Marks: 80

Instructions:

- i) Question no. 1 is compulsory
- ii) Attempt any **Three** questions from the remaining
- iii) Figures to the **right** indicate **maximum** marks to the question.

Q1. Raj Ltd. is divided into two Production Departments A and B and two Service Departments X and Y. Following are the expenses incurred for the period ending 31st March 2014. 20

Works Manager's Salary	Rs. 8,000
Power	Rs.42,000
Contribution to Provident Fund	Rs.18,000
Plant Maintenance	Rs. 8,000
Depreciation on Plant & Machinery	Rs.40,000
Canteen Expenses	Rs.24,000
Rent	Rs.12,000

Following information is available from the Departments :

	A	B	X	Y
No.of employees	16	8	4	4
Floor Area (sq.ft.)	2,000	3,000	500	500
Plant Value (Rs.)	75,000	1,00,000	25,000	-
Wages	40,000	20,000	10,000	5,000
HP of Machines	3	3	1	-

Show the Primary Distribution Summary of Overheads.

Q2. In a factory, there are two Service Departments - P and Q and three Production Departments - A, B and C. In January 2015 the Departmental expenses were as follows : 20

	Rs.
Dept. A	65,000
Dept. B	60,000
Dept. C	50,000
Dept. P	12,000
Dept. Q	10,000

The Service Department expenses are allocated as follows:

Service Depts.	A	B	C	P	Q
P	30%	40%	15%	-	15%
Q	40%	30%	25%	5%	-

Distribute the Service Department expenses among the other Departments under –

- a) Repeated Distribution Method and
- b) Simultaneous Equation Method.

Q3. The following are the extract of costing information for the half-year ended 31st December 2014. 20

	Rs.
Opening Stock – Raw Material	20,000
,, - Finished Goods (1,000 units)	16,000
,, - Work-in-progress	4,800
Purchase of Raw Material	1,20,000
Works Overheads	48,000
Office Overheads	25,000
Direct Wages	1,00,000
Carriage on Purchases	1,440
Closing Stock – Raw Material	22,240
,, - Finished Goods (2,000 units)	32,000
,, - Work-in-progress	16,000
Sales – Finished Goods	3,00,000

Selling and Distribution overheads are Re.1 per unit sold. 16,000 units were produced during the period.

Prepare a Cost Sheet showing clearly – a) Cost of Material consumed b) Prime Cost c) Works Cost d) Cost of Production e) Cost of Sales and f) Profit.

Q4. The Standard output of a product is 6 units per day of 8 hours. The normal wage rate per day is Rs.120. Calculate the total wages of four workers- A,B,C and D. who have produced 5units, 8units, 12units and 15 units in a day, under – a) Time Rate, b) Piece Rate, c) Halsey Plan and d) Rowan Plan. 20

Q5. From the following information, compute the Machine Hour Rate : 20

	Rs.
- Cost of the Machine	1,00,000
- Installation Charges	10,000
- Estimated scrap value at the end of its life (15 years)	5,000
- Rent & Rates of the shop per month	200
- Lighting for the shop per month	300
- Insurance premium for the Machine per annum	960
- Repairs & Maintenance per annum	1,000
- Power consumption – 10 units per hour	
- Rate of Power per 100 units is Rs.20	
- Estimated working hours per annum – 2,000 hours	
- Supervisor's Salary per month	600

The Supervisor spends 1/5th of his time on this Machine. The Machine occupies 1/4th of the total area of the shop.

Q6. Write short notes on any FOUR of the following : 20

- a) Time Rate & Piece Rate
- b) Incentive Wage Payment Plans
- c) Selling & Distribution Overheads
- d) Prime Cost
- e) Causes of Idle Time
- f) Labour Turnover Rate
