

**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 31<sup>st</sup> 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 31<sup>st</sup> December 2014.

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	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.

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

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	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 1/5<sup>th</sup> of his time on this Machine. The Machine occupies 1/4<sup>th</sup> of the total area of the shop.

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

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- Time Rate & Piece Rate
- Incentive Wage Payment Plans
- Selling & Distribution Overheads
- Prime Cost
- Causes of Idle Time
- Labour Turnover Rate

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