

VidyaVikasMandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FYB.COM, SEM II, SUPPLEMENTARY EXAMINATION, MAY/JUNE 2015

(New Course)
COST ACCOUNTING (FOUNDATION COURSE)

Duration: 2hrs.

Max.marks:80

Instructions:

1. Q. No. 1 is compulsory.
2. Answer any three questions from Q. No. 2 to Q. No.6.
3. Figures to the right indicate maximum marks.
4. Start each new question on a fresh page.

Q1. Answer any four short notes out of six:

(4X 5= 20 marks)

- a) Requisites of good time-keeping
- b) Principles of labour remuneration
- c) Merrick's Multiple rate system
- d) Methods of secondary distribution
- e) Difference between allocation and apportionment of overhead cost.
- f) Need for overhead accounting

Q2.a. A machine is purchased for cash at Rs. 92,000. Its working life is estimated to be 18,000 hours after which its scrap value is estimated at Rs.2,000. It is estimated from past experience that:

- i) The machine will work for 1,800 hours annually.
- ii) The repair charges will be Rs.10,800 during the whole period of life of the machine.
- iii) The power consumption will be 5 units per hour at 60 paise per unit.
- iv) Other annual standing charges are estimated to be:

	Rs.
a) Rent of department(machine occupies 1/5 th of total space)	7,800
b) Light(12 points in the department- 2 points engaged in the machine)	2,880
c) Foreman's salary(1/4 th of his time is occupied in the machine)	60,000
d) Insurance premium(fire) for machinery	360
e) Cotton waste	600

Find out the machine hour rate on the basis of the above data for allocation of the overhead expenses to all jobs for which the machine is used.

(12 Marks)

and

b. Given standard output 10 units per hour and basic wage rate is Rs. 5 per hour. In a day of 8 hrs, Arun produces 40 units, Varun 75 units and Tarun 90 units. Calculate the wages of Arun, Varun and Tarun under Merrick's Multiple Piece Rate System according to which following rates are applied:

- | | | |
|----------------------------------|-------------------------------|------------------|
| less than 83% of standard output | - ordinary piece rate | |
| Between 83% to 100% | - 110% of ordinary piece rate | |
| More than 100% | - 120% of ordinary piece rate | (8 Marks) |

Q3. From the books of accounts of M/s Chanda Enterprises, the following details have been extracted for the year ending March 31, 2013:

	Rs.		Rs.
Stock of materials:		Rent, rates & taxes:	
31/03/2012	1,88,000	Factory	12,000
31/03/2013	2,00,000	Office	6,400
Materials purchased	8,32,000	Travelling expenses	12,400
Direct wages	2,38,400	Salesmen's salaries	33,600
Indirect wages	16,000	Depreciation written off	
Salaries to administrative staff	40,000	Plant & Machinery	28,400
Freight:		Furniture	2,400
Inward	32,000	Director's fees	24,000
Outward	20,000	Electricity charges(factory)	48,000
Cash discount allowed	14,000	Fuel (for boiler)	64,000
Bad debts written off	18,800	General Charges	24,800
Repairs to Plant & Machinery	42,400	Manager's Salary	48,000

The manager's time is shared between the factory and the office in the ratio of 1:4. From the above details, you are required to calculate: a) Prime cost b) Factory overhead,
c) Factory cost d) General overhead e) Total cost

Q4. SD Ltd. has three production and two service departments. Following information relates to the month of July 2013:

	Rs.
Rent	1,00,000
Repair	1,20,000
Depreciation	2,00,000
Light	21,000
Supervision	3,00,000
Indirect wages	1,00,000
Insurance (employer's liability)	30,000
Motive power	1,80,000
Insurance (stock)	3,00,000

The following data are also available in respect of four depts.:

	Dept. A	Dept. B	Dept. C	Dept. D	Dept. E
Area (sq. ft.)	2,000	2,500	3,000	2,000	500
No. of workers	20	16	12	8	4
Total wages	Rs. 8,000	Rs. 6,000	Rs. 3,000	Rs. 4,000	Rs. 2,000
Value of plant	Rs. 6,00,000	Rs. 8,00,000	Rs. 10,00,000	Rs. 50,000	Rs. 50,000
Value of stock	Rs. 1,50,000	Rs. 90,000	Rs. 60,000	-	-
Light points	10	15	20	10	5
Horse power	60	30	50	10	-

Apportion the above costs to the various departments on the most equitable method.

(20 Marks)

Q5. Calculate the earnings of workers Dheeraj and Suraj under Straight piece rate system and Taylor's Differential Piece rate system from the following particulars:

Normal rate/hr. = Rs. 3.60

Std. time/unit = 40 seconds

Differential to be applied:

80% of piece rate below standard

120% of piece rate at or above standard

Dheeraj produces 700 units per day and Suraj produces 780 units per day.

(20 Marks)

Q6. Standard time allocated for a job is 40 hrs. and the rate per hour is Re. 1 plus a dearness allowance @ 0.30 paise per hour worked. Actual time taken by a worker is 30 hrs. Calculate earnings under: a) time-wage system b) piece-wage system c) Halsey plan and d) Rowan Scheme.

(20 Marks)
