

FOUNDATION COURSE- COST ACCOUNTING

Duration: 2hours

Max Marks: 80

Instructions: 1) Question No.1 is compulsory

2) Attempt any THREE questions from the remaining.

1. From the following information prepare a Cost Statement:

(20)

	Rs.
Opening Stock – Raw Material	25,000
" " - Finished Goods	20,000
Raw Material purchased	2,50,000
Productive Wages	1,00,000
Closing Stock – Raw Material	20,000
" " - Finished Goods	25,000
Chargeable Expenses	10,000
Rent & Rates (Factory)	25,000
Motive Power	10,000
Waste Cotton	1,000
Office Expenses	20,000
Printing & Stationery	1,200
Salesmen's Salary	10,000
Travelling Expenses	5,000
Carriage Outward	1,400

Show the Prime Cost, Works Cost, Cost of Production and Total Cost.

2 a) Compute Machine Hour Rate from the following information:

(12)

Rent & Taxes (for 9 months) - Rs.5 400

Supervision (for 3 months) Rs.6,000

Insurance (for 6 months) - Rs.300

Lighting (for one month) - Rs.100

Repairs (per annum) - Rs.2,000

Power consumed is 5 units per hour. Power charges - Rs.50 for 100 units.

Cost of the Machine -Rs.45,000, Scrap Value - Rs.5,000, Life of Machine is 10 years.

The Machine works for 2,000 hours per annum. Insurance and Repairs are for this machine.

This Machine occupies $\frac{1}{2}$ of the total area of the factory; Supervisor spends $\frac{1}{3}$ of his time for this Machine. Lighting charges to be apportioned on the basis of area occupied by this Machine.

2 b) Calculate the earnings of A and B under Straight Piece Rate and Taylor's Differential Piece Rate from the following information:

(08)

Standard Production - 7 units per hour. 8 working hours per day. Normal Rate per hour – Rs.28.

Differentials to be applied: 80% of Piece Rate below Standard, 120% of Piece Rate at or above Standard. A produces 50 units in a day and B produces 60 units in a day.

3 Prepare Primary Overhead Distribution Summary for the year ending 31st December 2015: (20)

	Rs.
Rent	10,000
Repairs to Plant	6,000
Depreciation of Plant	4,500
Employees Insurance	1,500
Supervision	15,000
Fire Insurance for Sock	5,000
Power	9,000
Lighting	1,200

Following information is available in respect of the Departments:

	A	B	C	X
Area (sq.mtrs.)	1,500	1,100	900	500
Number of employees	20	15	10	5
Total Wages (Rs.)	6,000	4,000	3,000	2,000
Value of Plant (Rs.)	24,000	18,000	12,000	6,000
„ „ Stock (Rs.)	15,000	9,000	6,000	-
H.P. of Plant	24	18	12	6

Apportion the costs to the various Departments on most suitable basis.

4. In a factory there are three Production Departments P1, P2 and P3 and two Service Departments S1 and S2. The Primary Distribution Summary of the Departments for the month of March showed the following: (20)

Departments	Rs.
P1	6,50,000
P2	6,00,000
P3	5,00,000
S1	1,20,000
S2	1,00,000

The Service Department expense is to be distributed as follows:

	P1	P2	P3	S1	S2
S1	30%	40%	15%	-	15%
S2	40%	30%	25%	5%	-

Show the Secondary Distribution of Overheads by the Repeated Distribution Method and Simultaneous Equation Method.

5. Calculate the earnings of a worker under Time Rate System, Halsey Plan and Rowan Plan from the following information: (20)

Standard Time – 30 hours, Time taken – 20 hours, Hourly Rate of Wages is Rs.10 per hour plus a Dearness Allowance of Re.1 per hour worked.

6. Write short notes on any FOUR of the following: (20)

- a) Time-keeping & Time-booking
- b) Taylor’s Differential Piece Rate
- c) Merits & Demerits of Piece Rate System
- d) Overtime Wages
- e) Prime Cost
- f) Secondary Distribution of Overheads