

C.U.SHAH UNIVERSITY

Summer Examination-2017

Subject Name : Cost Accounting-I

Subject Code : 4CO05CAC1

Branch: B.Com.(English)

Semester : 5

Date : 30/03/2017

Time : 02:30 To 05:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
 - (2) Instructions written on main answer book are strictly to be obeyed.
 - (3) Draw neat diagrams and figures (if necessary) at right places.
 - (4) Assume suitable data if needed.
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- Q-1 Attempt the following questions: (14)**
- a) Write the definition of Cost Accounting. 1
- b) What is Historical Costing? 1
- c) What is Marginal Costing? 1
- d) What is Bin Card? 1
- e) Write the formula of EOQ. 1
- f) What is time wage system? 1
- g) What is piece wage system? 1
- h) In chemical industry which method is used? 1
- (a) Process costing (b) Operating costing
- (c) Job costing (d) Unit costing
- i) Which of the following methods of stock control aims at concentrating effects on selected items of material? 1
- (a) material turnover rates
- (b) ABC analysis
- (c) perpetual inventory system
- (d) Re-order level
- j) Which of the following documents is used to record the issue of materials to production department? 1
- (a) purchase requisition note
- (b) goods received note
- (c) stores requisition note
- (d) stores credit note
- k) Which one of the following is a “Variable Cost”? 1
- (a) Indirect Material (b) Administrative Staff Salary
- (c) Salesman’s Commission (d) Interest on Bank Loan
- l) Which one of the following is a “Period Cost”? 1
- (a) Plant Depreciation (b) Canteen’s Expenses



- (c) Office Rent (d) Director Labour
- m) In which method stock consists of first purchase? 1
 (a) Weighted Average Method (b) FIFO Method
 (c) Standard Price Method (d) LIFO Method
- n) In which method stock at a price is almost nearer to current market price? 1
 (a) LIFO Method (b) FIFO Method
 (c) Weighted average (d) Fixed Price Method

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

- a. In a factory there are three production department A, B and C and two service departments D and E. the details of the expenses during February, 2017 are as under: 14

Rent and rates Rs. 20,000, Lighting Rs. 482 , Canteen expenses Rs. 1800 , Insurance Rs. 1320 , Indirect wages Rs. 1300, Contribution to ESI Rs. 650, Depreciation Rs. 3300, and Power Rs. 2400.

| Particulars | A | B | C | D | E |
|---|--------|--------|--------|-----|-----|
| Number of workers | 10 | 12 | 8 | 6 | 4 |
| Space occupied(Sq. yds) | 300 | 200 | 250 | 150 | 100 |
| Lighting points | 6 | 5 | 4 | 3 | 2 |
| Horse power of machine | 400 | 600 | 200 | - | - |
| Cost of machine | 30,000 | 20,000 | 15,000 | 500 | 500 |
| Direct wages | 2250 | 2000 | 1450 | 600 | 200 |
| Proportion of time devoted by factory manager | 5 | 5 | 4 | 1 | 1 |

The benefits of service department D and E derived by the other departments in the following proportion:

| Particulars | A | B | C | D | E |
|--------------|-----|-----|-----|---|---|
| Department D | 25% | 35% | 40% | - | - |
| Department E | 30% | 40% | 30% | - | - |

Prepare the following statement showing:

- (1) Distribution of overheads to various Departments and (2) Distribution of expenses of service departments to production departments.

Q-3 Attempt all questions (14)

- a. State the characteristics of an Ideal Costing system. 7
 b. Write a note on Fixed expenses & Variable expenses. 7

Q-4 Attempt all questions (14)

- a. Explain direct wages and indirect wages. 7
 b. Write the difference between normal wastage and abnormal wastage. 7

Q-5 Attempt all questions (14)

- a. Write the difference between wastage and scrap. 7
 b. Write a note on weighted average method. 7

Q-6 Attempt all questions (14)

- a. State the causes of labour turnover. 7
 b. From the following information of X Ltd. Find out: 7
 (1)EOQ (2) Re-order stock level (3) Maximum stock level (4) Minimum stock level



Annual Consumption – 2500 units, Cost per unit – Rs. 10 , Cost of placing an order – Rs. 200, Carrying cost per unit – 10%, Ordering period – 2 to 3 weeks, Average usage per week – 45 units, Maximum usage per week – 60 units

Q-7

Attempt all questions

(14)

- a. The following is a summary of one basic raw-material item used in a product. The following data related to the, 2016 :

14

Jan. 2016 1: Opening balance 200 kgs. @ Rs. 2 per kg.

” 4: Issued 100 kgs.

Feb. 1: Purchased 300 kgs at Rs.2.50per kg.

” 6: Issued 200 kgs.

” 28: Issued 100 kgs.

March 4: Purchased 200 kgs at Rs.3 per kg.

” 16: Issued 150 kgs.

Prepare a stock register under FIFO Method and find the value of closing stock.

- b. A worker has been allowed to complete a work in 12 hours, but he completes the work in 9 hours. Labour rate per hour is Rs. 2. If cost of material is Rs. 8 and factory overheads are 150% of direct labour, find out factory cost as per following methods : (1) Piece Rate System (2) Halsey Plan (3) Rowan Plan.

Q-8

Attempt all questions

(14)

- a. From the following information prepare a statement showing, prime cost, works cost, cost of production, cost of sales and net profit. During December 2016, there was production of 1000 units.

14

Opening Stock:

Raw materials 24,000

Finished goods 16,000

Closing Stock:

Raw materials 20,000

Finished goods 17,000

Purchases of raw materials 82,000

Sales 1,90,000

Direct wages 32,000

Factory wages 1000

Carriage inward 2000

Carriage outward 1500

Power-coal 5000

Office salaries 13,000

Office rent, rates & taxes 7000

Postage and telegram 2000

Printing and stationery 1000

Salesmen’s salary 3000

Advertisement 2000

Factory rent rates and tax 2000

Depreciation on Plant & machinery 3000

Bad debts 500

