P. P. SAVANI UNIVERSITY

Third semester of B.Com Examination

November-2021

SYBComSMBC2120- (Cost Accounting -I)

24.11.2021, Wednesday Time: 09:00 a.m. to 11:30 a.m. Maximum Marks: 60

Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of scientific calculator is allowed.

SECTION – I

Q - 1 **Explain following terms (Any Five)** [05]

(i) ABC Analysis

(ii) Semi-variable Cost

(iii) Slow moving Inventory

(iv) Cost – Price – Value

(v) Opportunity Cost

(vi) Cost Control

(vii) Material Requisition Note

Q - 2 (a) Write a note on Cost Accounting Vs. Financial Accounting [05]

Q - 2 (b) The inventory records of Shriya Ltd. For the year ending March, 2021 show the following [05]

Material	Opening Stock	Purchases	Closing Stock
R	7000 Kg	115000 Kg	2000 Kg
S	2000 litres	110000 litres	12000 litres
T	10000 Kg	18000 kg	12000 kg

Materials are valued as under : A - ₹ 5 per kg, B - ₹ 3 per litres and C - ₹ 2 per kg

Calculate the material turnover ratio for each of these materials and expenses in number of days the average inventory is held. What inferences do you draw?

OR

Q - 2 (a) What is Cost and Cost Accounting? Discuss the objectives of cost Accounting. [05]

Q - 2 (b) Star enterprise manufactures a product Alpha. Monthly demand of Alpha is 500 units. [05]

- Cost of placing an order is Rs.50 & EOQ is 80 units
- Purchase price of input materials is Rs. 100
- Maximum usage of material is 180 units per month
- Normal usage of material 160 units per month

Find cost of holding the inventory.

Q - 3 What is Inventory control and why is it needed? (2 marks) [10]

For the two components X and Y used as follows to produce a Product by Saransh Ltd,

Calculate for each component:

ROL, Minimum Level, Maximum Level, and Average Level.

Normal Usage – 400 units per week each;

Minimum – 200 units per week each

ROQ: X = 3200 units Y = 4800 units

Reorder Period X = 4 to 6 weeks Y = 2 to 4 weeks (8 marks)

OR

Q - 3 The stock of an item of materials as on 1st March, 2021 was 5000 units at Re. 1 per unit. [10]

Following purchases and issues of this item were made during Feb, 2021.

	Purchases		Issues	
	Units	*Rate (Rs./unit)*	*Date*	*Units*
Feb, 6	1000	1.12	Feb, 9	3000
Feb, 15	7000	1.22	Feb, 16	7000
Feb, 20	4000	1.16	Feb, 23	5000
Feb, 25	8000	1.21	Feb, 29	6000

Prepare stores ledger account pricing the issues under LIFO Method. What will be the impact on closing stock if market price of the material are increasing and company follows LIFO method?

Q - 4 **Attempt any one.** [05]

(i) Explain material loss and discuss Scrap VS. Waste

(ii) Discuss relevant Vs. irrelevant costs with examples.

SECTION – II

Q - 1 **Fill in the Blanks (Any Five)** [05]

(i) _____ is also called as payment by results where the workers are paid as per the production achieved by them.

(ii) By _____Premium Plan; Total Earnings = H x R + 50% [S – H] R

(iii) By _____Premium Plan; Total Earnings = H × R + [S – H]/S × H × R

(iv) In _____Method, instead of taking the number of employees added, number of employees left during the period is taken into consideration.

(v) The ultimate aim of Overhead Accounting is to _____them in the product units produced by the firm.

(vi) Fixed Overheads, Variable Overheads & Semi variable overheads are classification of overheads based on the _____.

(vii) Fixed Overheads are also known as _____Costs.

Q - 2 (a) From the following particulars, calculate the earnings of workers X and Y by Taylor's Differential Piece Rate System and also comment on the labour cost. [05]

Standard time allowed: 20 units per hour
Normal time rate: Rs. 30 per hour
Differential Rate to be applied:
80% of piece rate when below standard
120% of piece rate at or above standard
In a particular day of 8 hours, X produces 140 units while Y produces 165 units.

Q - 2 (b) During October 2020, the following information is obtained from the Personnel Department of a manufacturing company. Labour force at the beginning of the month 1900 and at the end of the month 2100. During the month, 25 people left while 40 persons were discharged. 280 workers were engaged out of which only 30 were appointed in the vacancy created by the number of workers separated and the rest on account of expansion scheme. Calculate the Labour Turnover by different methods. (Separation, Replacement and Flux) [05]

OR

Q - 2 (a) Calculate the total earnings and effective rate of earnings per hour of three operators under Rowan System and Halsey System from the following particulars. [05]

The standard time fixed for producing 1 dozen articles is 50 hours. The rate of wages is Rs. 1/- per hour.

The actual time taken by three workers are as follows:-

Worker A - 45 hours, Worker B - 40 hours, Worker C - 30 hours.

Q - 2 (b) A workman takes 9 hours to complete a job on daily wages and 6 hours on a scheme of payment by results. His hourly rate is 25 p. The Material cost of the product is Rs. 4 and factory overheads are recovered at 150% of the total direct wages. Calculate the factory [05]

cost of the product under following methods:-
(a) Time rate system (b) Halsey Plan (c) Rowan Plan.

Q - 3 (a) The summary as per primary distribution is as follows: [05]
Production departments A- Rs. 2400; B- Rs. 2100 & C- Rs. 1500
Service departments X – Rs. 700; Y- Rs. 900
Expenses of service departments are distributed in the ratios of:
X dept. : A- 20%, B- 40%, C- 30% and Y- 10%
Y dept. : A- 40%, B- 20%, C- 20% and X- 20%
Show the distribution of service departments' costs among A, B and C under repeated distribution method.

Q - 3 (b) The following information relates to the activities of a production department of factory for a certain period. [05]
Material used Rs. 36,000
Direct Wages Rs. 30,000
Labour hours Rs. 12,000

Hours of Machinery-operation 20,000
Overhead Chargeable to the Department Rs. 25,000

On one order carried out in the department during the period the relevant data were:-
Material used Rs. 6,000
Direct Wages Rs. 4,950
Labour hours worked 1,650 Hrs.
Machine Hours 1,200
Calculate the overheads recovery rate and chargeable to the job by four commonly used methods.

OR

Q - 3 (a) From the following particulars given below compute Machine hour rate for a machine [05]
a. Cost Rs. 24,000
b. Scrap value Rs. 4,000
c. Estimated Working life 40,000 hours
d. Estimated cost of repairs and maintenance during the whole life Rs. 2,000
e. Standard charges of the shop for 4 weekly period Rs. 3,000
f. Working hours in 4 weekly period 100 hours
g. No.of machines in the shop each of which is liable for equal charge are 30 machines
h. Power used per hour 4 units @ 10p. per unit.

Q - 3 (b) Following maintenance cost incurred in a machine shop per six months with corresponding machine hours. You are required to classify semi-variable maintenance costs into fixed and variable as per High-low method. [05]

Month	July	August	September	October	November
Maintenance Cost	19200	16200	20400	16800	17400
Machine Hrs	4400	3400	4800	3600	3800

Q - 4 **Attempt any one.** [05]
(i) Write short note on Idle time and Overtime and treatment in Labour cost accounting
(ii) Distinction between Allocation & Apportionment

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