



**III Semester B.Com. Examination, December 2024/January 2025
(NEP Scheme) (Freshers and Repeaters)**

**COMMERCE
Cost Accounting**

Time : 2½ Hours



Max. Marks : 60

Instruction : Answers should be written either **completely** in **Kannada** or **English**.

SECTION – A

Answer **any 5** of the following sub-questions. **Each** sub-question carries **2** marks.

(5×2=10)

1. a) What is cost centre ?
b) What do you mean by direct cost ?
c) Give the meaning of overtime.
d) Name any four causes of labour turnover.
e) What is fixed overhead ?
f) Mention any four financial incomes.
g) What is absorption of overhead ?

SECTION – B

Answer **any 3** of the following questions. **Each** question carries **4** marks.

(3×4=12)

2. State any four causes for the difference in profits as per cost accounts and financial accounts.
3. From the following information, calculate Economic Order Quantity (EOQ) and calculate number of orders to be placed in a year.
 - a) Annual consumption of materials 4000 units
 - b) Cost of placing one order Rs. 100
 - c) Cost per unit Rs. 80
 - d) Storage and carrying cost 8% of inventory.

P.T.O.



4. A Light Engineering has 3 production departments A, B and C and 2 service departments D and E. The following are the expenses for a particular period :

	Rs.
Rent	5,000
General Lighting	600
Power	1,500
Depreciation of Machinery	10,000

The following further details are available.

Particulars	A	B	C	D	E
Area (square feet)	2,000	2,500	3,000	2,000	500
Light points	15	20	10	5	—
HP of Machines	60	30	50	10	—
Value of Machinery (Rs.)	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments in most equitable way.

5. From the following information, prepare Stores Ledger Account under Simple Average Price Method.

February

2024

1	Received 500 units @ Rs. 20 per unit
10	Received 300 units @ Rs. 24 per unit
15	Issued 700 units
20	Received 400 units @ Rs. 28 per unit
25	Issued 300 units
26	Received 500 units @ Rs. 22 per unit
27	Issued 200 units

6. Standard time allowed for a job is 15 hours @ Rs. 50 per hour, actual time saved by worker is 3 hours. Calculate his earnings under Halsey System and Rowan System.



SECTION – C

Answer **any 3** of the following questions. **Each** question carries **10** marks. **(3×10=30)**

7. The following particulars have been extracted from Eagle Manufacturing Company for the year 2022.

	Rs.
Cost of materials	6,00,000
Wages	5,00,000
Factory overheads	3,00,000
Administration overheads	3,36,000
Selling charges	2,24,000
Distribution charges	1,40,000
Profit	4,20,000

A work order has to be executed in 2023, and estimated expenses are materials Rs. 8,000, wages Rs. 5,000.

Assuming that in 2023, the factory overheads will go up by 20%, distribution charges will come down by 10% and selling and administration charges will go up each by 15%. At what price the product to be sold, so as to earn same rate of profit on selling price as in 2022 ?

Factory overheads are based on wages and administration, selling and distribution overheads on factory cost.

8. The following particulars relate to a manufacturing company which has 3 production departments A, B and C and 2 service departments X and Y :

Particulars	A	B	C	X	Y
Total overheads as per primary distribution	6,300	7,400	2,800	4,500	2,000



The company decided to charge the service department cost on the basis of the following.

Departments	A	B	C	X	Y
Service department X	40%	30%	20%	–	10%
Service department Y	30%	30%	20%	20%	–

Find the total overheads of production departments by using simultaneous equation method or repeated distribution method.

9. The following details are related to Machine X :

Cost of the Machine Rs. 10,00,000

Estimated life 10 Years

Transportation and Installation Cost Rs. 3,00,000

Scrap value Rs. 1,00,000

Yearly working hours 3000 Hours

Motive power 20 units per hour @ Rs. 20 per unit

Oil and other consumables Rs. 4,000 p.m.

Rent Rs. 8,000 p.m. of which $\frac{1}{4}$ th is allotted to this machine.

Supervisor salary Rs. 10,000 p.m. ($\frac{1}{5}$ th of his time is devoted to this machine)

Repairs and maintenance cost of the machine is Rs. 45,000 p.a.

Calculate Machine Hour Rate.

10. Calculate the earnings of workers X, Y and Z under straight piece rate system and Merrick's multiple piece rate system from the following particulars :

Normal rate per hour Rs. 300/-

Standard time per unit 1 Minute

Output per day is as follows :

Worker X = 490 units

Worker Y = 390 units

Worker Z = 590 units

Working hours per day are 8 hrs.



11. From the following, prepare a reconciliation statement, calculate profit as per financial accounts :

	Rs.
a) Net profit as per costing records	86,200
b) Works overhead underrecovered in costing	1,560
c) Goodwill written off in financial accounts	850
d) Income tax provided in financial books	20,000
e) Depreciation charges in financial records	5,000
f) Interest received but not included in costing	4,000
g) Loss due to theft and pilferage provided only in financial books	1,000
h) Depreciation recovered in costing	6,500
i) Office overheads recovered in excess	900

SECTION – D

12. Answer the following.

(1×8=8)

A) Identify cost unit for the following industry.

- a) Iron
- b) Power
- c) Bricks
- d) Paper
- e) Timber
- f) Cement
- g) Transport
- h) Petrol

OR

B) Mention steps in procurement process of inventory.