

2008000203050011
EXAMINATION FEBRUARY-MARCH 2024
BACHELOR OF COMMERCE (HONORS)
(THIRD SEMESTER)
COST ACCOUNTING – I - LEVEL 5

[Time: As Per Schedule]

[Max. Marks: 50]

Instructions:

1. Fill up strictly the following details on your answer book

- a. Name of the Examination: **BACHELOR OF COMMERCE (HONORS) (THIRD SEMESTER)**
 - b. Name of the Subject: **COST ACCOUNTING – I- LEVEL 5**
 - c. Subject Code No: **2008000203050011**
2. Sketch neat and labelled diagram wherever necessary.
 3. Figures to the right indicate full marks of the question.
 4. All questions are compulsory.
 5. A necessary calculation will be treated as part of the answer

Seat No:

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Student's Signature

- Q.1**
- A. The annual demand for a product is 6,400 units. The unit cost is \$6 and the inventory carrying cost is 25% per annum. If the cost to procure one unit is \$75, determine the following: **4**
- Required
1. EOQ
 2. Number of orders per year
 3. Time between two consecutive orders
- B. Calculate the earnings of a worker under (i) Halsey Plan and (ii) Rowan Plan from the following particulars: **4**
1. Hourly rate of wages guaranteed Rs. 0.50 per hour.
 2. Standard time for producing one dozen articles - 3 hours.
 3. Actual time taken by the worker to produce 20 dozen articles - 48 hours.
- C. Which method of costing could be employed in the following industries. **2**
1. Interior Decoration
 2. Airlines company
 3. Cotton industry
 4. Hotel industry

Q.2 Krishna Ltd. manufactured and sold 1,000 refrigerators in the year ending 31st March 2022. The summarized Trading and Profit & Loss Account is set out below:

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	RS		RS
To Cost of Materials	8,00,000	By Sales	40,00,000
To Direct Wages	12,00,000		
To Other Manufacturing Cost	5,00,000		
To Gross Profit c/d	15,00,000		
	<u>40,00,000</u>		<u>40,00,000</u>
To Management and Staff Salaries	6,00,000	By Gross Profit b/d	15,00,000
To Rent, Rates and Insurance	1,00,000		
To Selling Expenses	3,00,000		
To General Expenses	2,00,000		
To General Expenses	3,00,000		
	<u>15,00,000</u>		<u>15,00,000</u>

For the year ending 31st March 2023, it is estimated that—

- a. Output and Sales will be 1,200 refrigerators.
- b. Prices of Material will go up by 20% on the level of previous year.
- c. Wages will rise by 5%.
- d. Manufacturing costs will rise in proportion to the combined cost of Material and wages.
- e. Selling cost per unit will remain unaffected.
- f. Other expenses will also remain constant.

You are required to submit a statement to the Board of Directors showing the price at which the refrigerators should be marketed so as to show profit of 10% on selling price.

Q.3 A production department works on an average 170 hours in a month. There are four machines in the department. The following information is provided:

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Particulars	Machines			
	I (Rs.)	II (Rs.)	III (Rs.)	IV (Rs.)
Interest paid on capital (p.a.)	2,400	9,000	2,100	13,500
Depreciation (p.a.)	6,600	24,000	3,600	36,000
Repairs (p.a.)	1,200	11,100	900	1,800
Power (p.m.)	3,000	4,000	2,000	2,000
Lubricating oil (p.m.)	100	200	200	400
Floor area occupied	14%	10%	15%	16%

Monthly charges for rent and taxes for the entire factory are Rs. 75,000.

Foreman salary is Rs. 40,000 p.m. and attendant salary is Rs. 15,000 p.m. Both spent equal time on 4 machines.

You are required to calculate: Machine Hour Rate

Q.4 Write short notes: (any two)

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1. Advantages of Costing
2. ABC System of Stores Control
3. Idle time and overtime
