

The expenses of service departments D and E are to be allocated as follows:

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	20%	20%	-

You are required to distribute the service department expenses to the production departments (A, B and C) under simultaneous equation methods and calculate hourly rate of each production.

12. The following extracts of costing information relates to commodity A for the half-year ending 31st March, 2008.

	₹
Purchase of raw materials	1,20,000
Works overheads	48,000
Direct Wages	1,00,000
Carriage on Purchases	1,440

Register Number :

Name of the Candidate :

6 4 7 1

M.Com. DEGREE EXAMINATION, 2012

(ACCOUNTING AND FINANCE)

(FIRST YEAR)

(PAPER - III)

530. COSTING METHODS

(Old Regulations)

December]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions.

All questions carry EQUAL marks.

(5 × 20 = 100)

1. Explain the difference methods of costing.
2. State the methods of calculation of Labour Turnover Ratio.

Turn Over

3. What are the causes for under/over absorption of factory overheads?

4. Prepare a Stores Ledger Account and enter the following transactions by adopting the weighted average method of pricing 2009 - August, 1
Opening balance 50 units @ ₹ 3 per unit.

August, 4 Issued 20 units

August, 8 Purchased 48 units @

4 per unit.

August, 9 Issued 20 units.

August, 15 Purchased 76 units @

₹ 3 per unit.

August, 22 Received back into stores

19 units out of 20 units issued on August, 9, 1999.

August, 30 Issued to Production 10 units.

11. A company has three production departments and two service departments. The following figures are extracted from the books of the company: ₹

Rent	20,000	Indirect wages	6,000
Depreciation	40,000	Lighting	2,400
Power	6,000	Others	6,000

Other particulars:

	A	B	C	D	E
Floor space (sq.ft)	4,000	5,000	6,000	4,000	1,000
Light points	20	30	40	20	10
Direct wages (₹)	9,000	6,000	9,000	9,000	7,000
H.P of machines	75	30	35	10	-
Value of machinery (₹ In Lakhs)	1.20	1.60	2.00	0.10	0.10
Working hours	3,113	2,014	2,033	-	-

Turn Over

Calculate total kms and total passengers kms for the month.

7. Following is the Trading and Profit and Loss account of a factory producing a particular unit.

	₹				
To Material	2,00,000	By Sales	4,00,000		
To Wages	1,00,000	(1,00,000 units)			
To work exp.	60,000				
To office exp.	18,000				
To selling and Distribution exp.	10,000				
	₹		4,00,000		4,00,000

Trading and Profit and Loss
Account for the year ended.

The normal output of the factory is 1,50,000 units. Work expenses are fixed to the extent of ₹ 36,000. Office expenses for all practical purpose are constant. Selling expenses are variable to the extent of ₹ 6,000. Prepare a cost sheet and a reconciliation statement.

8. A certain chemical process yields 75% of the material introduced as main product 20% as a by-product 5% being lot. The percentage of material consumed by main product and by – product is 80:20. Time taken to produce one unit of by-product is half the time taken by main product. Overheads have been allocated 200% of wages of each product.

Cost Data	₹	Units.
Raw Material	10,000	2,000
Labour	8,500	
Overheads	17,000	
Total	35,500	

SECTION – B (3 × 20 = 60)

Answer any THREE questions.

ALL questions carry EQUAL marks.

9. What is Bin Card? How it differ from Stores Ledger?

Turn Over

10. From the following particulars, you are required to work out the earnings of a worker for a week under

- (i) Straight piece rate.
- (ii) Differential piece rate,
- (iii) Halsey Premium Scheme (50% sharing)

and (iv) Rowan Premium scheme:

Weekly working hours	48
Hourly wage rate (₹)	7.50
Piece rate per unit (₹)	3.00
Normal time taken per piece	24 minutes
Normal out put per week	120 pieces
Actual output for the week	150 pieces

Differential piece rate 80% of piece rate when output is below normal and 120% of piece rate when output above normal.

5. From the following data, relating to the manufacture of a standard product during the month of October, 2006, prepare a statement showing costs and profit per unit.

Raw materials used	₹ 80,000
Direct Wages	₹ 48,000
Man Hours worked	10,000 hours
M.H. Rate	6 per hour
Office Overheads	20% on Works cost
Selling Overheads	₹ 2 per unit.
Units produced	40,000
Unit sold	36,000
	@ ₹ 10 per unit.

6. A transport service company is running four buses between two towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. Actual passengers carried were 75 percent of the seating capacity. All the four buses ran on all the days of the month April, 2005. Each bus made one round trip per day.

13. A Product passes through three processes before being completed, 1,000 units of raw materials are introduced at ₹ 20 per unit. Following information is obtained for the month of July, 2009:

	Process-A	Process-B	Process-C
	₹	₹	₹
Other materials	4,000	2,000	1,000
Direct Labour	5,000	4,000	6,000
Direct Expenses	600	500	400

The overhead of ₹ 6,000 is shared in the ratio of labour. There is no process loss. Prepare Process Accounts.

	₹
Stock (1st October, 2008):	
Raw materials	20,000
Finished products (1,000 tons)	16,000
Stock (31st March, 2008) :	
Raw materials	22,240
Finished Products (2,000 tons)	32,000
Work-in-Progress (1st October, 2008):	4,800
Work-in-progress (31st March, 2008):	16,000
Sales Finished Products	3,00,000

Selling and distribution overheads are ₹ 1 per ton sold. 16,000 tons of commodities were produced during the period.

You are to ascertain

- (i) Cost of raw materials used;
 - (ii) Cost of output for the period;
 - (iii) Cost of Sales;
 - (iv) Net Profit for the period,
- and (v) Net Profit per ton of the commodity.

Turn Over