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**T.Y.B.Com Semester V (CBCS) Ordinance**  
**EXAMINATION MAY 2023**  
**Cost Accounting Major II : Cost Accounting II**

[Time: 2 Hours]

[Max. Marks:80]

- Instructions:**
- 1) Question No. 1 is compulsory.
  - 2) Answer any 3 questions from Q. No. 2 to Q. No. 6.
  - 3) Give working notes wherever necessary.
  - 4) All questions carry equal marks.

**Q1** An engineering company is having three production departments - 'A', 'B' and 'C' and two service departments - 'X' and 'Y'. The following particulars have been extracted for the year ended 31st March, 2018.

Particulars	Production Departments			Service Departments	
	'A'	'B'	'C'	'X'	'Y'
Direct Wages (Rs.)	30,000	45,000	60,000	15,000	30,000
Direct Material (Rs.)	15,000	30,000	30,000	22,500	22,500
Staff (numbers)	1,500	2,250	2,250	750	750
Electricity (kwh.)	6,000	4,500	3,000	1,500	1,500
Asset Value (Rs.)	60,000	40,000	30,000	10,000	10,000
Light points (numbers)	10	16	4	6	4
Area (sq.mt.)	150	250	50	50	50

The expenses for the period are as under:

	Rs.
Power	1,100
Lighting	200
Stores Overhead	800
Welfare of Staff	3,000
Depreciation	30,000
Repairs	6,000
General Overheads	12,000
Rent and Taxes	550

You are required to prepare

- i) A primary distribution summary showing the distribution of overheads to various departments.
- ii) A statement showing re-apportionment of service departments' expenses to production departments. Apportion the expenses of Service department 'Y' in the ratio of 2:3:4 and those of service department 'X' in the ratio of 5:3:2 to production departments 'A', 'B' and 'C' respectively.

Q2 From the following particulars you are required to calculate the earnings of a worker for 20 a week under

- i) Straight Piece Rate System
- ii) Taylor's Differential Piece Rate System
- iii) Halsey Plan
- iv) Rowan Plan

Weekly working hours	48 hours
Rate Per Hour	Rs 7.50
Piece Rate Per Unit	Rs 3
Normal time taken per piece	20 minutes
Normal output per week	120 pieces
Actual output for the week	150 pieces
Differential piece rates	80% of piece rate when output below normal production and 120% of piece rate when output above the normal production.

Q3 A. A machine is purchased for cash for Rs. 10,400. Its working life is estimated to be 36,000 hours after which its scrap value is estimated at Rs 400. It is assumed from past experience that:

- i) The machine will work for 3,600 hours annually.
- ii) The repair charges will be Rs 2,160 during the whole period of life of the machine.
- iii) The power consumption will be 10 units per hour at Rs 0.12 per unit.
- iv) The other annual standing charges are estimated to be as follows:

	Rs.
a) Rent of department (machine occupies 1/5 <sup>th</sup> of total space)	1,560
b) Light (12 points in the department, out of which 2 points are engaged on the machine)	576
c) Foreman's salary (1/4th of his time is occupied in the machine)	12,000
d) Insurance Premium (fire) for the machinery.	72
e) Cotton Waste.	120

You are required to calculate the Machine Hour Rate.

B. The following is the budget of Angel Engineering Works for the year 2018. 8

Factory overheads	Rs. 62,000
Direct Labour cost	Rs. 98,000
Direct Labour Hours	1,55,000 hours

From the above figures calculate

- i) Overhead absorption rates using Direct Labour Hour Method and Direct Labour Cost Method.
- ii) Prepare a comparative statement of cost showing the result of application

of each of the above rates to job no. 666 from the under mentioned data:

Direct Material cost	Rs.45
Direct Labour cost	Rs.50
Direct Labour hours	40 hours

- Q4**
- a) What is Labour Turnover? Enumerate the causes and indicate some measures to reduce labour turnover. **10**
- b) A company closes its books every half year ended 30th June, 2018. The following particulars were obtained from the books of the company. **10**

	Amount (Rs.)
Basic Wages	90,000
House Rent Allowance	13,500
Overtime Allowance	12,400
Night Shift Allowance	10,600
Provident Fund deposited for the period	21,200
Employees' State Insurance Contribution for the period	5,000
Recovery towards House Rent	18,600
Recovery towards supply of provisions.	24,200

The following additional information is provided.

- Dearness Allowance - 10% of basic wages.
- Provident Fund is paid for by the employer and the employee in equal share.
- The ratio of contribution by employer and employee to Employees State Insurance is 3:2.

Determine the net amount of wages paid in cash to employees over the period of six months.

- Q5**
- a) What is time rate system? Explain its advantages and limitations. **10**
- b) Define overheads. Discuss the classification of overheads costs. **10**
- Q6** Write short notes on the following (any four): **20**
- Methods of time keeping.
  - Normal idle time and Abnormal Idle time.
  - Distinguish between cost allocation and cost apportionment.
  - Advantages of departmentalisation of overhead expenses.
  - Actual overhead rate v/s Pre-determined overhead rate.