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T.Y.B.Com Semester V

Cost Accounting Major II: Cost Accounting -II

[Duration: 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.

**Q.1.** A company has three production departments A, B and C and two service departments D and E. The following figures are extracted from the records of the company for the half year ended 30<sup>th</sup> September 2023.

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Particulars	Production Departments			Service Departments	
	A	B	C	D	E
Direct wages (Rs.)	3,000	2,000	3,000	1,500	500
Floor area (sq. mts.)	2,000	2,500	3,000	2,000	500
Light points	10	15	20	10	5
Number of employees	20	40	30	20	10
HP of machines	60	30	50	10	-
Value of machinery(Rs.)	60,000	80,000	1,00,000	5,000	5,000

The expenses for six months were as follows:

Particulars	Amount (Rs.)
Rent and rates	6,000
General Lighting	600
Indirect Wages	1,800
Power	2,500
Depreciation on machinery	10,000
Sundries	10,000
Labour Welfare	15,000

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

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

You are required to prepare:

- A primary distribution summary showing the distribution of overheads to various departments.
- A statement showing re-apportionment of service department expenses to production departments Or Secondary Distribution summary.

**Q.2.** From the following information you are required to calculate the earnings of a worker for a week under: 20

- Straight Piece Rate System
- Taylor's Differential Piece Rate System
- Halsey Premium Plan
- Rowan Premium Plan

Number of working hours per week	48 hours
Rate per hour	Rs.15
Rate per piece	Rs.6
Normal time taken per piece	30 minutes
Normal output per week	140 pieces
Actual output per week	180 pieces
Differential piece rates	80% of piece rate when output is below normal production and 120% of piece rate when output is above the normal production.

**Q.3.a)** From the following information you are required to calculate machine hour rate: 12

Particulars	Amount (Rs.)
Cost of the machine	80,000
Cost of installation	20,000
Scrap value after 10 years	20,000
Rent, rates for quarter for the shop	3,000
General lighting (per month)	200
Shop supervision salary per quarter (1/6 <sup>th</sup> time devoted for this machine)	6,000
Insurance premium p.a.	600
Estimated repairs p.a.	1,000

From the past experience, it has been ascertained that:

- The machine occupies 1/4<sup>th</sup> of the total area of the shop.
- The machine consumes 2 units of power per hour at Rs. 50 per 100 units.
- The machine will work for 2,000 hours per annum.
- General lighting to be apportioned on the basis of floor area.

- b) The following particulars are related to the production department of a factory for the month of January 2024:

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Materials used	Rs. 40,000
Direct Wages	Rs. 36,000
Factory Overheads	Rs. 45,000
Direct Labour Hours	10,000 hours

From the above figures calculate:

- Overhead absorption rates using Direct Labour Cost Method and Direct Labour Hour Method.
- Prepare a comparative statement of cost showing the result of application of each of the above rates to Job No. 124 from the under mentioned data:

Direct Material Cost	Rs. 4,000
Direct Wages	Rs. 3,125
Labour Hours Worked	1,650 hours

- Q.4.a) What is Labour Turnover? What are the causes of Labour Turnover?

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- b) The following particulars were obtained from the books of the company related to Mr. Suraj for the month of February 2024:

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Particulars	Amount (Rs.)
Basic Salary	40,000
House Rent Allowance	6,500
Overnight Allowance	6,400
Night Shift Allowance	8,600
Provident Fund deposited for the period	10,100
Employees' State Insurance Contribution for the period	3,000
Recovery towards House Rent	8,600
Recovery towards supply of provisions	11,200

- Dearness Allowance -20% of basic wages.
- Provident Fund is paid by the employer and employee in equal share.
- The ratio of contribution by employer and employee to Employee State Insurance is 3:2.

Calculate the amount of Net Salary of Mr. Suraj.

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- Q.5.a) What is piece rate system? Explain its merits and demerits.

- b) What are overheads? Explain the function-wise classification of overheads.

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Q.6. Write short notes on the following. (Any four)

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- a) Types of idle time.
- b) Objectives of time keeping.
- c) Distinguish between cost allocation and apportionment.
- d) Departmentalization of overheads
- e) Accounting for under-absorption and over-absorption of overheads.