



# SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar  
Nr. Amrapali Railway Crossing  
Raiya Road, Rajkot – 360001  
Ph. No–(0281)2471645

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Ph.No–(0281)2440478, 2472590

ASSIGNMENT PAPER

B. COM-3

SUBJECT: COST ACCOUNTING - 1

MARKS: 70

**Q.1** The following particulars are available from the books of Niyat Ltd. for the year 2012. Prepare cost sheet for the year 2012 and Estimated cost sheet for the year 2013. (20-Marks)

Particular	Rs.
Direct materials	12,06,000
Direct labour	7,65,000
Direct expenses	1,08,000
Factory overhead expenses (40% variable)	7,65,000
Administrative overhead expenses (fixed)	4,32,000
Selling expenses (20% fixed)	3,60,000
Output and sale (4,500 units)	45,45,000

For the year 2013 the company will produce and sell 10,000 units for that the following estimation has been made:

- (1) Prices of direct materials will go up by 41 rupees per unit.
- (2) Direct labour will increase by 20%.
- (3) Fixed factory overheads will be increased by Rs. 22,500.
- (4) Variable selling expenses per unit will increase up to Rs. 35.
- (5) The rate of profit on sales during previous year will have to be maintained during 2013.

OR

**Q.1** Krupali Ltd. manufactures uniform plastic chairs, and its monthly production capacity is of 22,000 chairs. Following is the information regarding the different elements of cost for last three months. On the basis of it, prepare cost sheet for the month February 2013. (20-Marks)

Month	Units	Selling price per unit Rs.	Direct materials Rs.	Direct wages Rs.	Factory expenses Rs.	Admini. & selling expenses Rs.
Dec. 2012	10,000	220	7,00,000	5,00,000	4,44,000	3,08,000
Jan. 2013	12,000	235	8,40,000	6,00,000	5,04,000	3,48,000
Feb. 2013	15,000	246	10,50,000	7,50,000	5,94,000	4,08,000

Factory has received an order for 20,000 chairs from a businessman to be sent in the month of March, 2013. Following information is available for the month of March, 2013.

- (1) Price of materials and rate of wages per unit will rise by 10% and 6% respectively.
- (2) Fixed expenses will increase as under:



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- (i) In fixed factory expenses Rs. 56,000.  
(ii) In administrative / selling expenses Rs. 42,000.

Prepare an estimate cost sheet for the month of March, 2013 and find out what price should be determined to earn profit Rs. 52.50 per unit.

**Q.2 Following is the information of the cost per unit of Nishant Ltd :**

**(20-Marks)**

	Rs.
Direct Materials	180
Direct Wages	100
Factory Overheads	60% of Direct Wages
Office Overheads	40
Selling Overheads	30

Following is the profit and loss account of the company :

<b>Dr.</b>		<b>Cr.</b>	
Particulars	Rs.	Particulars	Rs.
Opening stock (Finished goods 200 units)	76,000	Sales	8,00,000
Material expenses	2,70,000	Closing Stock (Finish goods 100 unit)	35,000
Wages	1,50,000	Interest and dividend	5,000
Factory Expenses	1,00,000		
Office Expenses	55,000		
Selling Expenses	45,000		
Preli. Expenses written off	14,000		
Net Profit	1,30,000		
	8,40,000		8,40,000

In cost accounts, materials and wages are charged at actual cost. The opening stock of finished goods in cost accounts is taken as per the valuation in financial accounts. While the closing stock of finished goods is out of the units manufactured during the year.

Prepare statement of cost and reconciliation statement.

**OR**

**Q.2 Ritu Limited has furnished you the following information for the year ending on 31-12-2010:**

**(20-Marks)**

**Shree H.N.Shukla College of I.T & Management**

**"Sky is the Limit"**



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Dr. Trading and Profit & Loss Account Cr.  
For the year ending on 31-12-2010

Particulars	Rs.	Particulars	Rs.
Opening stock (500 units, at Rs. 35 each)	17,500	Sales (10,250 units)	7,17,500
Material consumed	2,60,000	Closing stock (250 units, at Rs. 50 each)	12,500
Wages	1,50,000		
Factory Overheads	94,750		
Gross Profit	2,07,750		
	7,30,000		7,30,000
Administration Exp.	1,06,000	Gross profit	2,07,750
Selling Expenses	55,000	Interest	250
Bad debts	4,000	Rent	10,000
Preliminary Exp.	5,000		
Net Profit	48,000		
	2,18,000		2,18,000

The cost sheet shows the cost of materials at Rs. 26 per unit, and the labour cost, at Rs. 15 per unit. The factory overheads are absorbed at 60% of direct labour cost and administration expenses at 20% of factory cost. Selling expenses are charged at Rs. 6 per unit.

The opening stock of finished goods is valued at Rs. 45 per unit, as per cost records, closing stock is out of the units manufactured during the year.

**Prepare:**

- (1) A statement showing profit as per Cost Accounts for the year ending on 31-12-2010.
- (2) A statement showing the reconciliation of profits disclosed in cost accounts with the profit shown in financial accounts.

**Q: 3 Calculate the following sum. (15-Marks)**

(a) From the Following Information, Calculate inventory turnover ratio and turnover period

- 1) Opening Stock 10,000 units
- 2) Purchase(annum) 85,000/-
- 3) Adjusted purchase 75,000/-

(b) From following information , find out EOQ.

Annual consumption 45,000 units, Per Unit Price Rs.10 ,Per Unit insurance expense Rs.0.90, Per Unit interest expense Rs. 0.30, Per unit storage expense Rs.0.30, Ordering cost per order- Rs. 10

(c) From the following information of Mohit Limited, find out (1) Reordering level (2) Minimum level (3) Max. level (4) Avg. level (5) Danger level (6) Safety level.

Maximum time for procurement goods 50 days , Maximum time of emergency procurement 8 days. , Average time for procurement of goods 40 days. , Minimum daily consumption 1600 units. , Average daily consumption 2000 units.

Economic Reordering quantity is 1/6 of reordering level.



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OR

**Q: 3 Calculate the following sum.**

**(15-Marks)**

From the following information , calculate (1) Economic ordering quantity (2) Ordering level (3) Minimum level (4) Max. level (5) Avg. level (6) Danger level.

- 1) Annual consumption 9,000units
- 2) Cost per Unit Rs. 20/-
- 3) Expenses Placing an order Rs.100/-
- 4) Ordering expense / Carrying Cost 25%
- 5) Max. Delivery period 45 days
- 6) Avg. delivery period 35 days
- 7) Min. delivery period (?)
- 8) Max. delivery period for  
Emergency purchase 5 days
- 9) Max. Consumption daily 30 units
- 10) Min. Consumption daily 20 days
- 11) Avg. consumption daily (?)

**Q: 4 (A)** From the following information , calculate the remuneration of workers A,B and C for October 2012: **(15-Marks)**

- (1) Standard production per month per worker 1000 units
- (2) actual production during the month  
A- 800 units , B-700 units , C – 900 units
- (3) Wage rate per unit produced 2 rs.
- (4) Dearness Allowance : 50% of wages.
- (5) House rent allowance : 10% of wages plus dearness allowance
- (6) Bonus: At the rate of 20 Rs. For each percentage of units produced in excess of 75% of Standard Production.

**(B)** Workman Guntant was allowed 72 Hours to complete a job on daily time wages and completed the job in actual 48 hours. His time wages is 7 Rs.

Material cost of a product is 100 Rs. And factory overhead are recovered at 50% a total prime cost.

Calculate the factory cost of product under following wage method

- (1) Halsey Wage Plan (2) Rowan Wage Plan

OR

**Q: 4 (A)** A Worker produces 200 units in a week time, the guaranteed weekly wages payment for 45 hrs. is 81 Rs. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be the total earning and earnings per hour of that work under Halsey & Rowan Bonus Schemes ?

**(B)** A worker is allowed 60 hour for executing a piece of work , which he completes within 40 hours. He is paid at the rate of 4 Rs. Per hour.

The material cost of production is 300 Rs. And the factory overheads are recovered at 50% of the total direct wages.



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Calculate the factory cost of the product as per Halsey Wage Plan.

(C) Calculate the number of employees in the beginning and at the end of the year from the following information :

- (1) Labour turn over rate 3%
  - (2) Number of employees left during the year -12
  - (3) Number of employees at the end were 100 more than number of employees in the beginning.
- (15 Marks)**

# BEST OF LUCK