

The expenses of the service departments are charged out on a percentage basis as follows:

| | P1 | P2 | P3 | S1 | S2 |
|-----------------------|-----|-----|-----|-----|-----|
| Service department S1 | 20% | 40% | 30% | — | 10% |
| Service department S2 | 40% | 20% | 20% | 20% | — |

Prepare a statement showing the apportionment of two service departments' expenses to Production Departments by Simultaneous Equation Method.

30. Following is a summary of the Trading and Profit and Loss Account of Messrs Alpha Manufacturing Co. Ltd. For the year ended 31st March, 2016:

| | Rs. | | Rs. |
|------------------------------------|------------------|----------------------------|------------------|
| Material consumed | 27,40,000 | Sales (1,20,000 units) | 60,00,000 |
| Wages | 15,10,000 | Finished Stock (4000units) | 1,60,000 |
| Factory Expenses | 8,30,000 | Work in progress: | |
| Administration Expenses | 3,82,400 | Materials | 64,000 |
| Selling & Distribution Expenses | 4,50,000 | Wages | 36,000 |
| | | Factory exp. | 20,000 |
| Preliminary expenses (written off) | 40,000 | | 1,20,000 |
| Goodwill (written off) | 20,000 | Dividend Received | 18,000 |
| Net profit | 3,25,600 | | |
| Total | 62,98,000 | | 62,98,000 |

The company manufactures a standard unit. In the Cost Accountant:

- Factory expenses have been recovered from production at 20% on prime cost;
- Administration expenses at Rs.3 per unit on units produced;
- Selling and distribution expenses at Rs.4 per unit on units sold.

You are required to prepare a statement of cost and profit in cost books of the company and to reconcile the profit disclosed with that shown in the Financial Accounts.

31. What is labour cost control? What are the techniques of labour cost control?

(2 × 15 = 30 Marks)

(4)

21U356

(Pages: 4)

Name:

Reg. No:

THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOV 2022

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC17U BCP3 B11 - COST ACCOUNTING

(Core Course)

(2017 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

PART - A

Answer *all* questions. Each question carries 1 mark.

A. Choose the correct answer from the brackets.

- Which of the following is a system which combines both and piece wage system?
 - Bedaux system
 - Merricks differential system
 - Halsey system
 - Emmerson's system
- Under which method, issue of materials priced at the latest issue price?
 - FIFO
 - LIFO
 - HIFO
 - NIFO
- The store- keeper should initiate a purchase requisition when the stock reaches:
 - Maximum level
 - Average level
 - Minimum level
 - Re-ordering level
- Material Costs of each job are determined from -----
 - Material requisition notes
 - Bill of materials
 - Both A and B
 - None of these
- Which one of the following is concerned with Pareto's law?
 - ABC
 - VED
 - FSND
 - JIT

B. Fill in the blanks.

- Time not spent on production is known as -----
- The use by several undertaking of the same technique of costing is known as -----
- Cost accounting deals partly with facts and figures and partly with -----
- Stores ledger is maintained in the ----- department
- Under ----- method, a new issue price is determined after each purchase

(10 × 1 = 10 Marks)

PART - B

Answer any *eight* questions. Each question carries 2 marks.

- Distinguish between bin card and stores ledger.
- Define waste.

(1)

Turn Over

13. What do you mean by a profit centre?
14. What do you mean by VED analysis?
15. What are the objectives of material control?
16. What are the causes of labour turnover?
17. What do you mean by composite machine hour rate?
18. What is the basic idea behind Taylors Differential piece rate system?
19. Distinguish between Halsey and Rowan plan?
20. What do you mean by integral accounting?

(8 × 2 = 16 Marks)

PART - C

Answer any *six* questions. Each question carries 4 marks.

21. Explain purchase procedure briefly
22. Differentiate perpetual inventory system and periodic inventory system.
23. Define control accounts? Give the objectives of preparing such accounts.
24. ABC Ltd. Manufactures a product, which requires LED. The following particulars were collected for the year 2018-2019

| | | |
|--------------------------|---|--------------------|
| Monthly demand of LED | - | 7,500 units |
| Cost of placing an order | - | Rs. 500 |
| Re-order period | - | 5 to 8 weeks |
| Cost per unit | - | Rs. 60 |
| Carrying cost % p.a. | - | 10% |
| Normal usage | - | 500 units per week |
| Minimum usage | - | 250 units per week |
| Maximum usage | - | 750 units per week |

Required:

- | | | |
|--------------------------|-------------------------|---------------------------|
| (i) Re-order quantity | (ii) Re-order level | (iii) Minimum stock level |
| (iv) Maximum stock level | (v) Average stock level | |

25. Calculate the earnings of A and B under straight piece rate basis and Taylors Differential piece rate system, from the following information

| | | |
|---------------------|---|------------------|
| Standard production | - | 7 units per hour |
| Factory day | - | 8 hours |
| Normal time rate | - | Rs.2.80 per hour |

Differentials to be applied: 80% of piece rate below standard and 120% of piece rate above standard.

Mr. A produces 50 units a day

Mr. B produces 60 units a day

26. Calculate Economic Order Quantity from the following:

Monthly Demand of product X -1500 units
 Requirement of components to produce 1 unit of product X: 5 unit
 Ordering, receiving and handling cost: Rs.10 per order
 Trucking costs: Rs.5 per order
 Deterioration and obsolescence cost: Rs.10 per unit per annum
 Interest rate 15% per annum
 Storage cost: Rs.4,50,000 for 90000 units
 Purchase price of a component: Rs.100

27. Classify overheads on the basis of functions.
28. X Ltd furnishes the following stores transactions for July 2020:

| Date | Transaction |
|------|-----------------------------------------------------------------------------|
| 1 | Opening balance |
| 4 | Receipt from B & Co. 300 units @ Rs.12 per unit |
| 7 | Issued to production 400 units |
| 10 | Receipt from M & Co. 400 units @ Rs.14 per unit |
| 13 | Returned by department, issued on 7 th July 20 units |
| 16 | Returned to supplier, purchased on 4 th July 10 units |
| 19 | Issued to production 300 units |
| 22 | Receipt from N& Co.200 units @ Rs.16 per unit |
| 25 | Receipt, replacement of material returned on 16 th July 10 units |
| 28 | Issued to production 300 units |
| 30 | Shortage in stock taking 20 units |

Prepare the store ledger using FIFO method.

(6 × 4 = 24 Marks)

PART - D

Answer any *two* of the following. Each question carries 15 marks.

29. A company has three production departments and two service departments and for a period the departmental distribution summary has the following totals:

| | | |
|------------------------------------------------------------------|------|------------------|
| Production departments: P1 - Rs.800, P2 - Rs 700 and P3 - Rs.500 | ---- | Rs. 2,000 |
| Service Departments : S1 – RS 234 and S2- Rs.30 | ---- | <u>Rs. 534</u> |
| | | <u>Rs. 2,534</u> |