

THIRD SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2024**(Regular/Improvement/Supplementary)****B.Com. Professional****GBCP3B11T: COST ACCOUNTING****Time: 3 Hours****Maximum Marks: 80****Part A. Answer *all* the questions. Each carries *one* mark.****Choose the correct answer.**

1. Which method assigns cost incurred first to units completed and transferred out?
A) FIFO Method. B) LIFO Method.
C) Weighted Average Method. D) All of these.
2. Basic objective of cost accounting is _____.
A) Tax compliance. B) Financial audit.
C) Cost ascertainment. D) Profit analysis.
3. Total of all direct cost is termed as _____.
A) Prime cost. B) Work cost.
C) Cost of sales. D) Cost of production.
4. Which of these is not a Material control technique?
A) ABC Analysis. B) Fixation of raw material levels.
C) Maintaining stores ledger. D) Control over slow moving and non-moving items.
5. Service departments costs should be allocated to _____.
A) Only Service departments. B) Both Production and service departments.
C) Only Production departments. D) None of the production and service departments.

Fill in the Blanks.

6. Indirect material used in production is classified as _____.
7. Simultaneous equation method is used for redistribution of service department overhead to production departments, when service department provide _____ services.
8. _____ costs are partly fixed and partly variable.
9. In Emerson's efficiency plan, no bonus is payable unless efficiency exceeds _____ percent.
10. Cost ledger control account always has a _____ balance.

(10 × 1 = 10 Marks)**Part B. Answer any *eight* questions. Each carries *two* marks.**

11. Define cost accounting.
12. Write a note on sunk cost.
13. What is imprest system?
14. Comment on spoilage.
15. How do you compare time-keeping with time-booking?

(PTO)

16. Write note on Halsey plan.
17. What are fringe benefits?
18. What is overheads?
19. List out components of administration overheads.
20. Write any two advantages of integrated accounting.

(8 × 2 = 16 Marks)

Part C. Answer any six questions. Each carries four marks.

21. Briefly explain the merits of cost accounting.
22. The average annual consumption of a material is 18,250 units at a price of Rs. 36.50 per unit.
The storage cost is 20 % on an average inventory and the cost of placing an order is Rs. 50.
How much quantity is to be purchased at a time?
23. Standard output – 150 units per day of 8 hours.
Piece rate – Rs. 0.20 per unit.
Output of: A - 100 units, B - 135 units and C - 180 units.
Calculate the earnings of A, B and C workers under Merrick's Differential Piece Rate System.
24. The production department of a factory furnishes the following information for the month of October:
Material used – Rs. 54,000.
Direct wages – Rs. 45,000.
Labour hours worked – 36,000 hours.
Overheads chargeable to the department – Rs. 36,000.
For an order executed by the department during the period, the relevant information is below:
Material used – Rs. 6,000.
Direct wages – Rs. 3,200.
Labour hours worked – 3,200 hours.
Calculate the overhead charges, chargeable to the job by the following methods:
(i) Labour hour rate method.
(ii) Direct material cost percentage rate.
25. From the following figures, prepare a reconciliation statement and determine the profit or loss as per financial accounts:
Net loss as per costing records – Rs. 1,72,400.
Work overheads under recovered in costing – Rs. 3,120.
Administrative overheads recovered in excess – Rs. 1,700.
Depreciation charged in financial records – Rs. 11,200.
Depreciation recovered in costing – Rs. 12,500.

Interest received not included in costing – Rs. 8,000.
Obsolescence (loss) charged in financial records – Rs. 5,700.
Income tax provided in financial books – Rs. 40,300.
Bank interest credited in financial books – Rs. 750.
Stores adjustment(credit) in financial books – Rs. 475.

Value of opening stock in:

Cost accounts – Rs. 52,600.
Financial Accounts – Rs. 54,000.

Value of closing stock in:

Cost Accounts – Rs. 52,000.
Financial Accounts – Rs. 49,600.

Interest charged in cost accounts but not in financial accounts – Rs. 6,000.

Preliminary expenses written-off in financial accounts – Rs. 800.

Provision for doubtful debts in financial accounts – Rs. 150.

26. Dutta Enterprises operates an integral system of accounting. You are required to pass the journal entries for the following transactions.

(i) Raw materials purchased (50% on credit) –	Rs. 6,00,000
(ii) Material issued to production –	Rs. 4,00,000
(iii) Wages paid (50% direct) –	Rs. 2,00,000
(iv) Factory overhead incurred –	Rs. 80,000
(v) Finished goods at cost –	Rs. 5,00,000
(vi) Sales (50% credit) –	Rs. 7,50,000

27. Sera private limited are the manufactures of mobiles phones. Following are the details of their operations during the last year:

Ordering cost – 150 per order.
Inventory carrying cost – 20% annum.
Cost of raw material – Rs. 500 per unit.
Normal usage – 100 units per week.
Minimum usage – 40 units per week.
Maximum usage – 200 units per week.
Lead time to supply – 6 to 8 weeks.

Calculate:

- i) Re-order level.
- ii) Maximum level.
- iii) Minimum level.

28. Differentiate between cost centre and cost unit.

(6 × 4 = 24 Marks)

(PTO)

Part D. Answer any two questions. Each carries fifteen marks.

29. Prepare a stores ledger account from the following details using LIFO method of pricing the issue of materials.

- April – 1 Opening balance 10,850 @ Rs. 130 per kg.
- 2 Purchased 20,000 kg @ Rs. 134 per kg.
- 3 Issued 6,750 kg to production.
- 5 Issued 8,500 kg to production.
- 6 Received back 550 kg from production being surplus.
- 7 Purchased 17,550 kg @ 128 per kg.
- 8 Issued 11,250 kg to production.
- 9 Physical verifications revealed a loss 250 kg.
- 10 Issued 8,950 kg to production.
- 12 Issued 6,300 kg to production.
- 15 Purchased 10,000 kg @ 132 per kg.
- 16 Issued 7,750 kg to production.

30. A company has three production department and two service departments. Overhead distributed as follows:

Production departments:

A – Rs. 14,600 B – Rs. 15,700 C – Rs. 13,700

Service departments:

X – Rs. 9,000 Y- Rs. 3,000

The expenses of service departments are charged on a percentage basis which is as follows:

	A	B	C	X	Y
Department X	40%	30%	20%	-	10%
Department Y	30%	30%	20%	20%	-

Apportion the cost of service departments using simultaneous equation method.

31. What are incentive plans? Briefly explain the essential qualities of a good incentive plan.

(2 × 15 = 30 Marks)