



Institute of Management  
JK Lakshmipat University  
Jaipur  
END TERM EXAMINATION APRIL 2018

BBA/B.Com - IIInd Sem  
MM: 50 Marks

Course: Cost Accounting Principles & Practice  
Time: 3 Hours  
Subject code: AC17

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Each Question of Section A is of 10 Marks.

**Section A**

Q1 A manufacturing Concern purchases from time to time large quantities of a commodity used in the manufacture of one of its products. Following are the details of purchases during the six months ended 31<sup>st</sup> December, 2010.

| 2010         | Quantity | Cost price per 100 |
|--------------|----------|--------------------|
| August 12    | 5,000    | 20                 |
| September 15 | 12,500   | 21                 |
| October 20   | 10,000   | 19                 |
| November 3   | 7,500    | 18                 |
| December 1   | 6,000    | 18                 |
| December 20  | 1,500    | 17                 |

There were 7,500 units in stock at July 1, 2010, which were valued at Rs. 19 per 100.

Quantities were issued from Store during the six months were as under:

| 2010         | Quantity |
|--------------|----------|
| July, 25     | 5,000    |
| August 28    | 4,000    |
| September 29 | 12,500   |
| October 30   | 10,000   |
| November 15  | 9,000    |
| December 29  | 7,500    |

At what prices should the issues be charged and the closing stock valued? Prepare a Stores ledger account under weighted average method illustrating your views.

Q2. Calculate the earnings of workers A,B and C under the Taylor's Differential piece rate system and Merrick's Multiple piece rate system from the following particulars.

Normal Rate per hour- Rs. 5.40

Standard time per unit – 1 minute

Output per day is as follows-

Worker A- 390 units

Worker B – 450 units

Worker C- 600 units  
Working hours per day are 8

Q3. Explain any (2) the following:-

- Treatment of idle time and overtime
- Various methods of overhead absorption
- Various techniques of Material Control

Q4. International motor manufacture crankshafts for jeeps and Trucks, they have furnished the following particulars for the quarter ended march 31, 2010.

Material Rs.2,98,000 ; Direct Wages Rs. 42,000 ; Store expenses Rs. 20,000 ; Machinery Maintenance Rs. 4,600 ; Depreciation Rs. 22,300 ; Staff Wealfare Rs. 12,000 ; General Expenses Rs. 30,000 ; Administration and Sellingexpenses Rs. 27,000.

Additional information provided by them:

|                                 | JEEP | TRUCK |
|---------------------------------|------|-------|
| Production (Nos.)               | 300  | 400   |
| Material Cost ratio per vehicle | 1    | 2     |
| Direct labor ratio              | 2    | 3     |
| Machine hour ratio              | 1    | 2     |

Calculate the cost per crankshaft of each vehicle indicating the basis of apportionment adopted by you.

Q5. Write Shorts notes on any (2).

- Bases for apportionment, Re-apportionment
- Labor turnover and its causes
- Classification of Overheads

### Section B

Q6.

(A) PH Ltd is a manufacturing company having three production departments, A, B, C and two service departments, X and Y. The following is the budget for March, 2016.

|                         | Production Departments |       |       | Service Departments |       |
|-------------------------|------------------------|-------|-------|---------------------|-------|
|                         | A                      | B     | C     | x                   | y     |
| Direct Material         | 1,000                  | 2,000 | 4,000 | 2,000               | 1,000 |
| Direct Wages            | 5,000                  | 2,000 | 8,000 | 1,000               | 2,000 |
| Rent- 4,000             |                        |       |       |                     |       |
| Power- 2,500            |                        |       |       |                     |       |
| Depreciation – 1,000    |                        |       |       |                     |       |
| Other overheads – 9,000 |                        |       |       |                     |       |
| Additional Information: |                        |       |       |                     |       |

|                 |       |       |       |       |       |
|-----------------|-------|-------|-------|-------|-------|
| Area ( Sq.ft)   | 500   | 250   | 500   | 250   | 500   |
| Capital Value   | 20    | 40    | 20    | 10    | 10    |
| Machine Hours   | 1,000 | 2,000 | 4,000 | 1,000 | 1,000 |
| H.P of Machines | 50    | 40    | 20    | 15    | 25    |

A technical assessment for the apportionment of expenses of service department is as under:

|                |     |     |     |    |     |
|----------------|-----|-----|-----|----|-----|
| Total          | A   | B   | C   | X  | Y   |
| Service Dept X | 45% | 15% | 30% | -  | 10% |
| Service Dept Y | 60% | 35% | -   | 5% | -   |

You are required to show:-

- A statement showing distribution of overheads to various departments. (5 Marks)
- A Statement showing distribution of service department expenses to the production departments. ( 5 Marks)
- Machine hour rates of the production departments : A, B, and C. (2 Marks)

Q6 B. What will be the earnings of a worker at 55 paise per hour when he takes 140 hours to do a volume of work for which the standard time allowed is 200 hours. The plan of payment of bonus on a sliding scale is as under:

- Within the first 10% saving in standard time, the bonus is 40% of time saved.
- Within the second 10% saving in standard time, the bonus is 50% of the time saved.
- Within the third 10% saving in standard time, the bonus is 60% of the time saved.
- Within the fourth 10% saving in standard time, the bonus is 70% of the time saved.
- For the rest the bonus is 75% of the time saved. ( 8 Marks)