

D 102712

(Pages : 5)

Name.....

Reg. No.....

**FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
APRIL 2024**

B.Com.

BCM 4B 05—COST ACCOUNTING

(2018 Admissions only)

Time : Three Hours

Maximum : 80 Marks

**Part A***Answer all questions.**Each questions carries 1 mark.*

Choose the correct answer :

1. Which method of costing is suitable in automobile repair work shop ?
  - (A) Process costing.
  - (B) Contract costing.
  - (C) Job costing.
  - (D) Batch Costing.
2. Which of the records quantity of materials only ?
  - (A) Stores ledger.
  - (B) Bin card.
  - (C) Bill of material.
  - (D) None of these.
3. Standard time is 8 hrs, actual time taken 6 hrs, and time rate is Rs.2 per hour. Total wages under Halsay plan will be :
  - (A) Rs. 16.
  - (B) Rs. 18.
  - (C) Rs. 14.
  - (D) None of these.
4. Rent of warehouse is an item of :
  - (A) Factory overhead.
  - (B) Selling overhead.
  - (C) Distribution overhead.
  - (D) Office overhead.

**Turn over**

5. The stage where joint products are separated from each other is known as :
- (A) Break even point. (B) Angle of incidence.  
(C) Split off point. (D) None of these.

Fill in blanks :

6. Profit on incomplete contract is called \_\_\_\_\_.
7. If the actual loss in a process is less than the normal loss, the difference is known as \_\_\_\_\_.
8. Aggregate of prime cost and factory overhead is known as \_\_\_\_\_.
9. The cost of running and operating a machine per hour is called \_\_\_\_\_.
10. The difference between actual and recovered overhead is called \_\_\_\_\_.

(10 × 1 = 10 marks)

### Part B

Answer any **eight** questions from the following.

Each question carries 2 marks.

11. Define cost.
12. What is Fixed cost ?
13. What is Maximum level ?
14. What is VED Analysis ?
15. What is Idle time ?
16. What is reapportionment of Overhead ?
17. What is retention money ?
18. What is scrap ?
19. Define Budgetary Control.
20. Explain Halsey Plan.

(8 × 2 = 16 marks)

**Part C**

Answer any **six** questions from the following.

Each questions carries 4 marks.

21. Differentiate between cost accounting and Financial accounting.
22. Briefly discuss the material purchase procedure.
23. List out the steps in ZBB.
24. Explain different methods of Time keeping
25. In a company weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The reorder quantity as fixed by the company is 300 units. The material is received with in 4 to 6 weeks from issue of supply order. Calculate Minimum Level and maximum Level of material A.
26. Rate per hour -Rs. 3  
Time allotted for job- 20 hrs.  
Time taken - 15 hrs.  
Calculate Total earnings of worker and effective rate of earnings under Halsey Plan.
27. The contract ledger of the company shows the following expenditures on account of a contract as on 31<sup>st</sup> December 2019 :

Material	...	94,000
Plant	...	12,000
Wages	...	1,03,000
Establishment charges	...	6,700

The contract was commenced on January 2019 and the contract price was Rs.4,00,000. Cash received on account to the date was Rs. 1,72,000 representing 80 % work certified. The value of materials on hand was Rs. 4,500 and the work finished but not certified was Rs. 4,000. Prepare Contract account assuming depreciation of plant at 10 % p.a.

**Turn over**

28. The following is the income and expenditure forecasts of a company for the months of March to July 2020.

<i>Month</i>	<i>Sales</i>	<i>Purchases</i>	<i>Wages</i>
March	60,000	36,000	9,000
April	62,000	38,000	8,000
May	64,000	33,000	10,000
June	58,000	39,000	8,500
July	56,000	39,000	9,500

Prepare cash budgets for three months starting from 1<sup>st</sup> May 2020.

- Cash balance on 1st May 2020 Rs.8,000.
- Advance tax Rs.8,000 payable in March and June each.
- Credit allowed by suppliers is 2 months and allowed to customers is 1 month.
- Lag in payment of wages is 1 month.

(6 × 4 = 24 marks)

#### Part D

Answer any **two** questions from the following.

Each question carries 15 marks.

29. Explain various methods and techniques of costing.
30. RST Ltd. processes product Z through two distinct processes , Process I and Process II. On completion it is transferred to finished stock. From the following information , prepare Process account.

<i>Particulars</i>	<i>Process I</i>	<i>Process II</i>
Raw materials used	7,500 units	—
Raw material cost per unit	Rs.60	—
Transfer to next process	7,050 units	6,525 units
Normal loss	5 %	10 %
Direct wages	Rs. 1,35,750	Rs. 1,29,250
Direct expenses	60 % of direct wages	65 % of direct wages
Manufacturing overheads	20 % of direct wages	15 % of direct wages
Realisable value of scrap per unit	Rs. 12.50	Rs.37.50

31. The following data are extracted from the books of ABC Company for the month of June 2020. The company is working at 80 % capacity and produces 8,000 units. Calculate profit at 70 % and 90 % capacities.

Sales	...	1,92,000
Variable cost		
Direct material	...	24,000
Direct labour	...	64,000
Idle time	...	3,200
Other indirect labour	...	800
Semi-variable costs		
Plant maintenance (25 % fixed)	...	31,000
Salesmen salary (20 % fixed)	...	18,800
Fixed costs	...	45,000

(2 × 15 = 30 marks)

**D 102712-A**

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Name.....

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**FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
APRIL 2024**

B.Com.

BCM 4B 05—COST ACCOUNTING

(2018 Admission only)

(Multiple Choice Questions for SDE Candidates)

**Time : 15 Minutes****Total No. of Questions : 20****Maximum : 20 Marks****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

## BCM 4B 05—COST ACCOUNTING

## (Multiple Choice Questions for SDE Candidates)

1. The scope of cost accounting include \_\_\_\_\_ and \_\_\_\_\_.
  - (A) Cost ascertainment, cost presentation, cost control.
  - (B) Tax planning, tax accounting, financial accounting.
  - (C) Presentation of accounting information, creation of policy, day-to day operation.
  - (D) None of the above.
2. Cost accounting provides data for managerial \_\_\_\_\_.
  - (A) Decision-making.
  - (B) Recruitment.
  - (C) Retrenchment.
  - (D) None of the above.
3. Cost accounting records both monetary and \_\_\_\_\_ units.
  - (A) Physical.
  - (B) Cost.
  - (C) Both (A) and (B).
  - (D) None of these.
4. Standard cost is \_\_\_\_\_.
  - (A) Predetermined cost.
  - (B) Budgeted cost.
  - (C) Actual cost.
  - (D) None of these.
5. The primary emphasis of \_\_\_\_\_ cost is on the planning function of management.
  - (A) Budgeted.
  - (B) Standard.
  - (C) Period.
  - (D) None of these.
6. \_\_\_\_\_ is the cost which involves payment to outsiders.
  - (A) Out of pocket cost.
  - (B) Imputed cost.
  - (C) Notional cost.
  - (D) None of these.
7. Stock Adjustment Account is debited with \_\_\_\_\_ and credited with \_\_\_\_\_.
  - (A) Surplus, shortage of stock.
  - (B) Shortage of stock, surplus.
  - (C) Excess, loss.
  - (D) None of these.

8. Material abstract is also known as \_\_\_\_\_.
- (A) Material issue analysis sheet. (B) Bill of materials.  
(C) Stores ledger (D) None of the above.
9. Re-ordering level = Maximum consumption  $\times$  \_\_\_\_\_.
- (A) Average re-order period. (B) Maximum usage.  
(C) Maximum re-order period. (D) Normal usage.
10. \_\_\_\_\_ is a technique of material cost control which leads to low carrying cost as a result of low investment in inventory.
- (A) ABC Analysis. (B) JIT Inventory System.  
(C) VED Analysis. (D) Perpetual Inventory System.
11. \_\_\_\_\_ is the assessment of the relative worth of jobs within a company whereas \_\_\_\_\_ is the assessment of the relative worth of man behind the job.
- (A) Job evaluation, merit rating. (B) Job analysis, job evaluation.  
(C) Job analysis, merit rating. (D) None of these.
12. Under piece rate system of wage payment, payment is made according to the \_\_\_\_\_.
- (A) Quantity of work done. (B) Both (A) and (B).  
(C) Time. (D) None of these.
13. Machine hour rate is obtained by dividing the total running expenses of a machine during a particular period by the \_\_\_\_\_.
- (A) Number of hours. (B) Number of products produced.  
(C) Number of workers. (D) Wages.
14. When \_\_\_\_\_ is used on the basis of budgeted overheads and the rate is applied to the actual base, the actual overhead expenses may be different from the charged overheads.
- (A) A predetermined rate. (B) Actual rate method of absorption.  
(C) Both (A) and (B). (D) None of these.
15. Warehousing cost is an item of :
- (A) Office overhead. (B) Distribution overhead.  
(C) Material cost. (D) Works overhead.

Turn over

16. Material Costs of each job are determined from \_\_\_\_\_.
- (A) Material requisition notes. (B) Both (A) and (B).  
(C) Bill of materials. (D) None of these.
17. An automobile service unit uses \_\_\_\_\_ costing.
- (A) Specific order. (B) Batch.  
(C) Job. (D) Contract.
18. Maintenance charges are in the nature of \_\_\_\_\_ expenses.
- (A) Fixed. (B) Variable.  
(C) Semi-variable. (D) None of these.
19. In electricity supply company uses \_\_\_\_\_ as cost unit.
- (A) Kilo watt hour. (B) Per household.  
(C) Voltage. (D) None of these.
20. In service costing, fixed charges are also called as \_\_\_\_\_.
- (A) Standing charges. (B) Variable charges.  
(C) Fixed charges. (D) None of these.

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**FOURTH SEMESTER (CUCBCSS-UG) DEGREE EXAMINATION, APRIL 2023**

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017–2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

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

Choose the correct answer :

1. Aggregate of direct cost is known as :
  - A) Direct material.
  - B) Direct labour.
  - C) Direct expense.
  - D) Prime cost.
2. The cost which will be incurred even if the plant is closed down temporarily is called :
  - A) Sunk cost.
  - B) Marginal cost.
  - C) Shut down cost.
  - D) Differential cost.
3. Under which method, the value of closing stock close to the market value :
  - A) LIFO.
  - B) FIFO.
  - C) HIFO.
  - D) Weighted average.
4. Pareto's Law is concerned with :
  - A) ABC Analysis.
  - B) VED Analysis.
  - C) JIT.
  - D) FSND Analysis.
5. Recording of time spent by a worker on different jobs is called :
  - A) Time keeping.
  - B) Time booking.
  - C) Job order costing.
  - D) None of these .

**Turn over**

Fill in blanks :

6. \_\_\_\_\_ Cost are partly fixed and partly variable.
7. \_\_\_\_\_ represent the quantity of materials below which stock should not normally be allowed to fall.
8. Profit upon incomplete contract is called \_\_\_\_\_.
9. The method of costing applied in chemical industry is \_\_\_\_\_.
10. \_\_\_\_\_ is a budget designed to finish budgeted costs for any level of activity actually allowed.

(10 × 1 =10 marks)

### Part B

*Answer any **eight** questions from the following.  
Each question carries 2 marks.*

11. Define costing.
12. What is cost unit? Give four examples.
13. What is operating costing ?
14. What is EOQ ?
15. What is Timekeeping ?
16. What is allocation of overhead ?
17. What is work Certified ?
18. What is Normal Process Loss ?
19. What is ZBB ?
20. State two objectives of cost sheet.

(8 × 2 = 16 marks)

### Part C

*Answer any **six** questions from the following.  
Each questions carries 4 marks.*

21. Explain the objectives of cost accounting.
22. Differentiate between Time keeping and Time booking.
23. Explain different stock levels.
24. What are the advantages of a cash budget ?

25. A factory produces a standard product. The following information is given to you from which you are required to prepare cost sheet for the period ended 31st July 2020.

Consumable materials :	Rs.
Opening stock	10,000
Purchases	85,000
Closing stock	4,000
Direct wages	20,000
Other direct expenses	10,000
Factory overhead	100% of direct labour
Office overheads	10% of works cost
Selling and distribution expenses	Rs. 2 per unit sold

Units of finished product :

    In hand at the beginning of the period 1,000 (Value Rs. 16,000)

    Produced during the period 10,000 units

    In hand at the end of the period 2,000 units

Also find out the selling price on the basis of profit of 20% on selling price.

26. The standard time for a job is 20 hrs. Actual time taken are 16 hrs. Rate per hr is Rs.10. Calculate earnings and effective earnings under Rowan Plan.
27. Mr.Vasanth commenced his contract on 1st April 2011. The following was the expenditure on the contract for Rs. 3,00,000 :

Material issued	Rs. 51,000
Plant used	Rs. 15,000
Wages	Rs.81,000
Other expenses incurred	Rs. 5,000

Cash received on account of contract up to 31st March 2012 amounted to Rs. 1,28,000 being 80% of the work certified. Of the plant and material charged to the contract, plant which cost Rs. 3,000 and materials worth Rs.2,500 were lost. On 31st March 2012 the cost of the work done but not certified was Rs. 1,000 .

Materials in hand were Rs.2,300. Charge 15% depreciation on plant. Ascertain the profit of the contract up to 31st March 2012.

**Turn over**

28. From the following information compute Machine hour rate :

Cost of machine	Rs. 3,00,000
Installation and freight charges	Rs. 25,000
Estimated scrap value at end	Rs. 25,000
Insurance premium	Rs. 480 p.a.

Standing charges allocated to the machine Rs. 480 p.m. Effective working life of the machine 24,000 hrs.

Hours worked during the month 240 hrs.

Repairs during the effective life of the machine Rs.24,000 Power consumed by the machine is 20 units per hour at a cost of 25 paise per unit. Additional charges at 5 paise per unit are payable on the total unit consumed if the same exceeds the basic consumption of 2,000 units per month.

(6 × 4 = 24 marks)

#### Part D

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

29. Define cost. Explain different classification of cost.
30. The product of a manufacturing company passes through 2 process A and B, then to finished stock. It is ascertained that in each process normally 5% of total weight is lost and 10% is scrap, which from process A and B realizes Rs.80 and Rs.200 per ton. The following are figures relating to both process.

	Process A	Process B
Material in tone	10,000	700
Cost of material per ton	125	200
Wages	2,80,000	1,00,000
Manufacturing expenses	80,000	52,500
Out put in tone	8,300	7,200

Prepare Process Accounts and abnormal loss or gain account as the case may be.

31. A company has 3 production departments P1, P2 and P3 and 2 Service departments S1 and S2. Departmental Distribution summary shows the following details.

P1	P2	P3	S1	S2
8000	7000	5000	2340	3000

The expenses of departments are distributed as follows :

	P1	P2	P3	S1	S2
S1	20%	40%	30%	—	10%
S2	40%	20%	20%	20%	—

Prepare a statement showing the apportionment of service department expenses to production department by Simultaneous Equation Method.

(2 × 15 = 30 marks)

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**FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION  
APRIL 2022**

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A***Answer all questions.**Each questions carries 1 mark.*

Choose the correct answer :

1. Which method of costing is suitable in a road transport company ?
  - (a) Contract Costing.
  - (b) Marginal costing
  - (c) Batch costing.
  - (d) Operating costing.
2. Variable cost per unit :
  - (a) Remains fixed.
  - (b) Fluctuates with the volume of production.
  - (c) Varies with volume of sales.
  - (d) None of these.
3. Materials abstract is :
  - (a) A request from the production department for issue of material.
  - (b) A list of materials required for a specific job.
  - (c) An analytical statement of materials issued to different job.
  - (d) None of these.
4. Time wage system :
  - (a) Guarantees a minimum wage to the workers.
  - (b) Makes distinction between efficient and inefficient workers.
  - (c) Lowers the cost of product per unit.
  - (d) Benefits the employer.

**Turn over**

5. Cash received on contract is credited to :

- (a) Work in progress account. (b) Contract account.  
(c) Contractee's account. (d) Contractor's account.

Fill in blanks :

6. The quantity of materials to be ordered at one time is called \_\_\_\_\_.  
7. Printers use \_\_\_\_\_ costing.  
8. \_\_\_\_\_ is a summary of all functional budgets in a capsule form.  
9. The degree of completion of work is determined by comparing the work certified with \_\_\_\_\_.  
10. Overhead is an aggregate of all \_\_\_\_\_ costs.

(10 × 1 = 10 marks)

### Part B

*Answer any **eight** questions from the following.  
Each question carries 2 marks.*

11. Define cost accounting.  
12. What is cost centre ?  
13. What do you mean by minimum level ?  
14. Explain MHR.  
15. What is Time booking ?  
16. What do you understand by apportionment of Overhead ?  
17. What is Escalation clause ?  
18. What is abnormal loss. How it is treated in process account ?  
19. Define Budget manual.  
20. Explain Rowan plan.

(8 × 2 = 16 marks)

### Part C

*Answer any **six** questions from the following.  
Each questions carries 4 marks.*

21. Explain the components of cost sheet.  
22. What are the provisions relating to the treatment of profit in incomplete contract ?  
23. What is EOQ ? What are the assumptions of EOQ ?  
24. What is piece rate system? Explain Taylors Differential piece rate system.

25. The expenses budgeted for production of 10,000 units in a factory are furnished below :

		<i>Per unit</i>
Material	...	70
Labour	...	25
Variable factory overheads	...	20
Fixed factory overheads(Rs. 1,00,000)	...	10
Variable expenses (Direct)	...	5
Selling expenses( 10 % fixed)	...	13
Distribution expenses (20 % fixed)	...	7
Administrative expenses ( Fixed- Rs.50,000)	...	5
Total cost of sales per unit	...	<u>156</u>

You are required to prepare a budget for the production of 6,000 units and 8,000 units.

26. Calculate the earning of the worker from the following information using :

- |                       |                        |
|-----------------------|------------------------|
| (a) Time rate method. | (b) Piece rate method. |
| (c) Halsey Plan.      | (d) Rowan Plan.        |

Standard Time : 30 hours.

Time taken : 20 hours

Hourly rate of wages is Re. 1 plus a D A @ paise per hour worked.

27. Q. In Process A 100 units of Raw materials were introduced at a cost of Rs. 1,000. The other expenditures incurred by the process was Rs.600. Of the units introduced 10% are normally lost in the process of manufacture and they possess a scrap value of Rs.7 each. The out put of Process A was 75 units. Prepare Process A account and Abnormal Loss Accounts.

28. Receipts and issues in a factory during a week of March 2018 were as follows :

March 1	Opening balance 200 tones @ Rs. 50/tonne.
" 3	Issued 120 tones.
" 4	Purchased 240 tones @ Rs. 50.50/ tone.
" 5	Issued 100 tones (stock verification reveals a loss of 2 tones).
" 6	Received from complete work order 40 tones (previously issued @ Rs. 50.25 tone).
" 7	Issued 160 tones.

Prepare a stores ledger on the basis of Weighted average method.

(6 × 4 = 24 marks)

Turn over

**Part D**

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

29. What do you mean by budgetary control? Explain the pre-requisites for the successful implementation of budgetary control system ?
30. A building contractor commenced work on a contract on 1<sup>st</sup> April 2015. Expenses incurred up to 31<sup>st</sup> December 2015 were as follows :

		Rs.
Material issued	...	3,50,000
Wages	...	3,20,000
Administrative expenses	...	79,350
Plant purchased	...	40,000

A supervisor with a monthly salary of Rs. 1,200 were spend about half of his time on this contract. Plant which cost Rs. 5,000 was lost in an accident. Plant which cost Rs. 10,000 was returned to the stores on 31<sup>st</sup> December 2015.

Certain materials costing Rs. 5,000 which were found to be unsuitable for the contract were sold for Rs. 6,000. The cost of work done but uncertified was Rs. 24,000. Material costing Rs. 31,000 were in found at cite. The contract price was Rs. 15,00,000. Cash received on account up to 31<sup>st</sup> December 2015 amounted to Rs. 8,00,000 being 80 % of work certified. Charge depreciation at 20 % p.a. on plant.

Prepare Contract Account

31. Q. In a factory there are two service departments P and Q and 3 production departments A , B and C. During April 2015 the overhead departmental distribution summary is as follows :

	Rs.
A :	65,000
B :	60,000
C :	50,000
P :	12,000
Q :	10,000

Expenses of the service departments are to be charged out on a percentage basis as follows :

		A	B	C	P	Q
P	...	30 %	40 %	15 %	---	15 %
Q	...	40 %	30 %	25 %	5 %	---

Apportion the expenses of service departments to production department under continued distribution method.

(2 × 15 = 30 marks)

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**FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2022**

B.Com. (2014—2016 Admissions)

BCM 4B 05—COST ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

## I. Fill in the blanks :

- 1 Costs which are notional and do not involve any cash outlay is \_\_\_\_\_.
- 2 In cement industry the method of costing used is \_\_\_\_\_.
- 3 Cost of abnormal idle time is charged to \_\_\_\_\_.
- 4 Period cost are \_\_\_\_\_ cost.
- 5 A \_\_\_\_\_ contains a set of instructions to prepare their budgets for the upcoming year.

## II. Match the following :

- |                     |                             |
|---------------------|-----------------------------|
| 6 Fixed overhead    | a) Incentive plan.          |
| 7 Tender            | b) Single rate.             |
| 8 Machine hour rate | c) Standing charges.        |
| 9 Blanket rate      | d) Estimated selling price. |
| 10 Rowan plan       | e) Legal expenses.          |
|                     | f) Constant.                |

(10 × 1 = 10 marks)

**Turn over**

**Part B**

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

- 11 What is Cost allocation ?
- 12 Distinguish between works cost and works on cost.
- 13 What is Material Control ?
- 14 Define idle time.
- 15 Distinction between Allocation and Apportionment of overhead.
- 16 What is Master Budget ?
- 17 What is Bin Card ?
- 18 What is VED analysis ?
- 19 Calculate total earnings and effective rate of earnings of the worker under Halsey plan.
- 20 Find out EOQ from the following :  
Annual usage Rs. 1,20,000  
Cost of placing an order Rs. 60  
Annual carrying cost 10% of inventory value.

(8 × 2 = 16 marks)

**Part C**

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

- 21 How is under or over absorbed factory overhead disposed off ?
- 22 Explain the features of a Good Wage System.
- 23 What are the advantages of Departmentalisation of Overhead ?
- 24 Define Perpetual Inventory System. Explain its advantages.

25 Prepare a Store Ledger A/C under Weighted Average method of pricing.

2021 January 1 Opening balance 50 units at Rs. 3 per unit

4 Issued 2 units

8 Received 48 units at Rs. 4 per unit

9 Issued 20 units

15 Received 76 units at Rs. 3/unit

22 Received back into stores 19 units out of 20 units issued on January 9

30 Issued 10 units.

26 Calculate Machine hour rate for a machine from the following data :

Cost of machine	...	19,200
Estimated scrap value	...	1,200
Average repairs and maintenance charges per month	...	150
Standing charges allocated to the machine per month	...	50
Effective working life of machine	...	10,000 Hrs
Running time per month	...	160 Hrs
Power used by machine	...	5 units per hour at 19 paise per unit.

27. From the following information you are required to calculate :

1 Re-ordering Level ; 2 Maximum Level ; 3 Minimum Level ; 4 Danger Level

Total cost of purchasing related to the order ... Rs. 20.

Number of units to be purchased during the year ... 5,000

Purchase price per unit including transportation cost ... Rs. 50

Annual cost of storage of one unit ... Rs. 5

Lead times :

Average ... 10 days

Maximum ... 15 days

Minimum ... 6 days

Maximum for emergency purchases ... 4 days

Rate of consumption :

Average ... 15 units per day

Maximum ... 20 units per day

**Turn over**

- 28 The standard output of a product has been fixed at 6 units in a day of 8 hours for which wages are Rs. 12. Find total wages as per piece rate and Halsey plan when the output is 5 units and 8 units.

(6 × 4 = 24 marks)

**Part D**

*Answer any two questions.  
Each question carries 15 marks.*

- 29 What is ZBB ? Explain its advantages.
- 30 Following information has been obtained from the records of Bare Ltd. For the period from June 1st 2020 to December 31st 2020. Prepare Cost Sheet.

		1/6/2020	31/10/2020
Cost of raw materials	...	30,000	25,000
Cost of W.I.P	...	12,000	15,000
Cost of Stock of finished goods	...	60,000	55,000

Transactions during 6 months are :

Purchases of raw materials	...	4,50,000
Wages paid	...	2,30,000
Factory overhead	...	92,000
Administration overhead	..	30,000
Selling and Distribution overhead	...	20,000
Sales	...	9,00,000

- 31 A manufacturing concern has three production departments and two service departments. In July 2020 the departmental expenses were as follows :

Production Departments	Service Departments
A—Rs. 16,000	E—Rs. 4,000
B—Rs. 13,000	F—Rs. 6,000
C—Rs. 14,000	

The service department expenses are charged out on a percentage basis viz.

	A	B	C	E	F
Expenses of E	20%	25%	35%	—	20%
Expenses of F	25%	25%	40%	10%	—

Prepare a statement showing the apportionment of service department expenses to production department on the basis of Repeated Distribution Method.

(2 × 15 = 30 marks)

## FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2021

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

## Part A

Answer all questions.  
Each question carries 1 mark.

Choose the correct answer :

1. Cost Accounting is concerned with \_\_\_\_\_.
  - a) Financial Analysis.
  - b) Ascertainment of Profit.
  - c) Cost Ascertainment and Control.
  - d) Tax Audit.
2. Cost incurred due to machine breakdown is \_\_\_\_\_.
  - a) Normal Cost.
  - b) Abnormal Cost.
  - c) Office Cost.
  - d) Direct Cost.
3. \_\_\_\_\_ is the statement of account of stock prepared by the Store Keeper.
  - a) Stores Ledger.
  - b) Cost Sheet.
  - c) Pay-roll.
  - d) Bincard.
4. Which of the following is not a Direct Cost ?
  - a) Material.
  - b) Supervisor Salary.
  - c) Labour.
  - d) All of these.
5. \_\_\_\_\_ in contracts entitles a contractor to suitably enhance the contract price if the cost rises beyond a given level.
  - a) Escalation Clause.
  - b) De-escalation Clause.
  - c) Notional Cost.
  - d) Sub-contract Cost.

Fill in the blanks :

6. \_\_\_\_\_ is the ideal order quantity that a company should purchase to minimize inventory costs.
7. The process of recording the time actually spent by a worker on various jobs is \_\_\_\_\_.
8. Direct Redistribution Method is used for \_\_\_\_\_ of overheads.

Turn over

9. ZBB in cost control stands for \_\_\_\_\_.
10. \_\_\_\_\_ is the cost of running a machine per hour.

(10 × 1 = 10 marks)

**Part B**

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

11. What is "Sunk Cost" ?
12. What is "JIT" in inventory control ?
13. Differentiate between allocation and apportionment of overheads.
14. What do you mean by "Unit Costing" ?
15. What is a "Job Card" ?
16. State the bases for the apportionment of : (a) Depreciation ; and (b) Canteen Expenses.
17. Give any two differences between LIFO and FIFO methods of inventory valuation.
18. Define "Standard Costing".
19. What is "Master Budget" ?
20. What is "GRN" ?

(8 × 2 = 16 marks)

**Part C**

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

21. Differentiate between Cost Accounting and Financial Accounting.
22. Give a brief note on different types of budgets.
23. Explain the functions of Costing.
24. State the procedure for ascertaining profit on incomplete contracts.
25. From the following details compute EOQ :

Annual consumption	...	6,000 units
Cost of ordering	...	₹ 60
Carrying costs	...	₹ 2

26. Movement of stores of Yes Company for the month June 2021 is given below :

2021	June 1	Opening Balance 600 units at ₹ 6 per unit
	June 3	Purchased 700 units at ₹ 6.10 per unit
	June 6	Purchased 500 units at ₹ 6.05 per unit

2021	June 7	Issued 750 units
	June 10	Purchased 400 units at ₹ 6.15 per unit
	June 19	Issued 1100 units
	June 30	Purchased 900 units at ₹ 6.20 per unit
	June 24	Issued 600 units

Prepare Stores Ledger assuming the stores are issued under FIFO method.

27. From the following cost details of production and sales of 4000 units, prepare a budget for production and sale of 2000 and 6000 units :

Material	..	₹ 1,20,000
Labour	..	₹ 80,000
Other Direct Expenses	..	₹ 40,000
Works Overhead	..	₹ 60,000 (30% Fixed)
Administrative Expenses	..	₹ 50,000 (80% Fixed)
Selling and Distribution Overheads	..	₹ 20,000 (60% Variable)
Sales	..	₹ 4,00,000

28. From the following details relating to Contract A, prepare Contract Account in the book of the contractor :

Material purchased	...	₹ 50,000
Material in hand at the end	...	₹ 2,500
Labour	...	₹ 70,000
Direct Expenses	...	₹ 30,000
Overheads	...	₹ 10,000
Plant purchased	...	₹ 20,000

The contract commenced on 1<sup>st</sup> April 2019 and completed on 31<sup>st</sup> March 2020. The contract price is ₹ 1,50,000 duly received on completion. Provide 20% depreciation on Plant.

(6 × 4 = 24 marks)

Turn over

## Part D

Answer any two questions.  
Each question carries 15 marks.

29. Define Cost Accounting. State the scope and importance of Cost Accounting.
30. A machine was purchased on January 1, 2020 for ₹ 4 lakhs. The total cost of all machines inclusive of the new machinery was ₹ 60 lakhs. The following further particulars are available :

Expected life of the machine	..	10 years
Scrap value at the end of 10 years	..	₹ 10,000
Repairs and maintenance for the machine during the year	..	₹ 3,000
Annual insurance premium for all machines	..	₹ 6,000
Electricity consumption for the machine per hour (80 paise per unit)	..	30 units
Rent per month of the whole department	..	₹ 1,200
Lighting charges for the whole department	..	₹ 120 per month

Total number of light points in the department is 20 out of which 3 light points used for the machine. Area occupied by whole machines is 2500 sq. ft. out of which 250 sq. ft. occupied by the machine.

Compute the Machine Hour Rate for the machine.

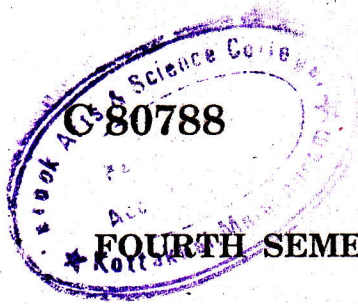
31. A company's product passes through three distinctive processes : Process X, Process Y and Process Z. The output of each process passes immediately to the next process and the finished units will be obtained from Process Z. 30000 units have been issued to Process X at a cost of ₹ 15000. Cost and other details of each process are given below :

Details	Process X	Process Y	Process Z
Materials Consumed	₹ 9,000	₹ 6,000	₹ 3,000
Direct Labour	₹ 12,000	₹ 9,000	₹ 4,500
Manufacturing Expenses	₹ 1,500	₹ 1,500	₹ 2,250
Normal Loss	2%	5%	10%
Actual Output Obtained	29300	28000	24900

There is no work-in-progress in any process. The losses of Process X and Y are sold at ₹ 10 per 100 units and that of Process Z at ₹ 25 per 100 units.

Prepare Process Accounts. Calculations should be made to the nearest rupee.

(2 × 15 = 30 marks)



(Pages : 6)

Name.....

Reg. No.....

**FOURTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020**

(CUCBCSS—UG)

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

Choose the correct answer :

1. Tender is an :

- |                                 |                         |
|---------------------------------|-------------------------|
| a) Estimation of profit.        | b) Estimation of cost.  |
| c) Estimation of selling price. | d) Estimation of units. |

2. Total of all direct costs is termed as :

- |                   |                        |
|-------------------|------------------------|
| a) Prime cost.    | b) Works cost.         |
| c) Cost of sales. | d) Cost of production. |

3. Which one out of the following is not an inventory valuation method ?

- |                      |          |
|----------------------|----------|
| a) FIFO.             | b) LIFO. |
| c) Weighted Average. | d) EOQ.  |

4. In case of rising prices (inflation) FIFO method will :

- |   |
|---|
| a) Provide lowest value of closing stock and profit.                  |
| b) Provide highest value of closing stock and profit.                 |
| c) Provide highest value of closing stock but lowest value of profit. |
| d) Provide highest value of profit but lowest value of closing stock. |

5. In case of rising prices (inflation) LIFO method will :

- |   |
|---|
| a) Provide lowest value of closing stock and profit.                  |
| b) Provide highest value of closing stock and profit.                 |
| c) Provide highest value of closing stock but lowest value of profit. |
| d) Provide highest value of profit but lowest value of closing stock. |

**Turn over**

Fill in the blanks :

6. Re-order level for consumption of 100-200 units per week and delivery period is 14-28 days is \_\_\_\_\_.
7. Cost of abnormal wastage is charged to \_\_\_\_\_.
8. Sundry overhead expenses may be apportioned in the ratio of \_\_\_\_\_.
9. Departmentalization of overhead is known as \_\_\_\_\_ distribution.
10. When the actual overhead is less than the absorbed overhead it is \_\_\_\_\_ absorption.

(10 × 1 = 10 marks)

### Part B

*Answer any eight questions from the following.*

*Each question carries 2 marks.*

11. What is Cost Centre ?
12. Define Bill of Materials.
13. What is indirect labour ?
14. What is time and motion study ?
15. List out any three components of Administrative Overhead.
16. What is variable overhead ?
17. What is Material Inspection Note ?
18. What is continuous operation costing ?
19. What is Budgeting ?
20. What is Zero Base Budgeting ?

(8 × 2 = 16 marks)

### Part C

*Answer any six questions from the following.*

*Each question carries 4 marks.*

21. Explain the advantages of Continuous Stock taking.
22. Explain the features of Process costing.
23. Distinguish between forecast and budget.

24. Annual usage of material is 2000 units and it costs Rs. 15 to handle an order for this material. The price is Rs. 2.00 per unit regardless of quantity purchased and carrying cost of inventory is 18% per annum. Calculate EOQ.
25. A machine costs Rs. 90,000 and is deemed to have a scrap value of 5% at the end of its effective life (19 years). Ordinarily, the machine is expected to run for 2400 hours per annum but it is estimated that 150 hours will be lost for normal repairs and maintenance and further 750 hours will be lost due to staggering. The other details in respect of the machine shop are :
- Wages, bonus and PF contribution of each of two operators (each operator is in charge of two machines) Rs. 6,000 per year.
  - Rent and Rates of the shop Rs. 3,000 per year.
  - General lighting of the shop Rs. 250 per month.
  - Insurance premium for the machine Rs. 200 per quarter.
  - Cost of repairs and maintenance per machine Rs. 250 per month.
  - Shop supervisor's salary Rs. 500 per month.
  - Power consumption of the machine per hour 20 units, rate of power per 100 units Rs. 10.
  - Other factory overheads attributable to the shop Rs. 4,000 per annum.

There are four identical machines in the shop. The supervisor is expected to devote one-fifth of his time for supervising machine. Compute a comprehensive machine hour rate from the above details.

Ordinary machine Hours	..	2,400	
Less : Normal repairs and maintenance	..	150	
Lost due to staggering	..	<u>750</u>	<u>900</u>
Normal working hours	..	<u>1,500</u>	

26. From the following data calculate the cost per mile of a vehicle :

	Rs.
Value of the vehicle	... 15,000
Road licence for the year	... 500
Insurance charges per year	... 100
Garage rent per year	... 600
Driver's wages per month	... 200

**Turn over**

	Rs.
Cost of petrol per litre	0.80
Miles per litre	8
Proportional charges for tyre and maintenance per mile	0.20
Estimated life	1,50,000 miles
Estimated annual mileage	6,000 miles
Ignore interest on capital.	

27. Prepare a production budget for the six months ending 31<sup>st</sup> December, 2010 from the following data of product X :

(i) The units to be sold for different months are as follows :

July, 2010	1100
August	1100
September	1700
October	1900
November	2500
December	2300
January 2011	2000

(ii) There will be no work in progress at the end of any month.

(iii) Finished units equal to half the sales for the next month will be in stock at the end of each month (including June 2010).

28. PQR Tubes Ltd. are the manufacturers of panels of TV. The following are the details of their operations during 2010-11 :

Ordering Cost	Rs. 100 per order
Inventory Carrying Cost	20% p.a.
Cost of panel	Rs. 500 per panel
Normal usage	100 panel per week
Minimum usage	50 panel per week
Maximum usage	200 panel per week
Lead time to supply	6-8 weeks

Required :

- (i) Re-order level.
- (ii) Maximum level of stock.
- (iii) Minimum level of stock.

(6 × 4 = 24 marks)

### Part D

*Answer any two questions from the following.*

*Each question carries 15 marks.*

29. Infotech Ltd. Commences business on 1<sup>st</sup> April 2011 and deposits Rs. 1,00,000 in the Global Trust Bank. The sum deposited would not be sufficient to finance its operations over a period of four months. As a company secretary, you are asked to prepare a cash budget from 1<sup>st</sup> April 2011 to 31<sup>st</sup> July, 2011 to ascertain the monthly overdraft limits to seek from the company's bankers. Requisite data is as under :

- (i) Sales are made to one distributor only on 30 days terms, 2% discount cheques are received on the first date of the following due date.
- (ii) Furniture purchases for Rs. 10,000 preferred to be made in April 2011.
- (iii) Budget figures are :

<i>Particulars</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>
Purchases ..	50,000	40,000	30,000	40,000
Wages ..	40,000	50,000	40,000	40,000
Cash expenses ..	4,000	5,000	4,000	4,000
Sales ..	60,000	70,000	80,000	80,000

All purchases are made on net 30 days terms and cheques are posted to creditors on the last day of the month due.

30. The finished product of a manufacturing company passes through three process, viz. I, II and III. The normal wastage in each process is 5%, 7% and 10% for Process I, II and III respectively (calculated with reference to the number of units fed into each process). The scrap generated out of

**Turn over**

wastage has a sale value of 70 paise per unit, 80 paise per unit and Re. 1 per unit in the Processes I, II and III respectively. The output of each process is transferred to the next process and the finished output emerges from the process III are transferred to stock. There was no stock of work in process in any process in a particular month. The details of cost data for the month are given below :

	Process		
	I	II	III
Materials used (Rs.)	1,20,000	40,000	40,000
Direct Labour (Rs.)	80,000	60,000	60,000
Production expenses (Rs.)	40,000	40,000	28,000
Output in units (actual)	38,000	34,600	32,000

Process I was fed with 40,000 units of raw input at a cost of Rs. 3,20,000.

Prepare the Process Accounts.

31. Define Cost Accounting. Distinguish between cost accounting and management accounting.

(2 × 15 = 30 marks)

C 80787



(Pages : 4)

Name.....

Reg. No.....

**FOURTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2020**

(CUCBCSS—UG)

B.Com.

**BCM 4B 05—COST ACCOUNTING**

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

1. Cost accounting is useful for \_\_\_\_\_.
  - (a) Ascertaining the financial position of a firm.
  - (b) Ascertaining the profit or loss of a firm.
  - (c) Controlling cost.
  - (d) None of the above.
  
2. Total fixed cost \_\_\_\_\_.
  - (a) Remains constant in total.
  - (b) Remains constant per unit.
  - (c) Both (a) and (b).
  - (d) None of the above.
  
3. Conversion cost includes :
  - (a) Direct material + direct labour + works expenses.
  - (b) Indirect material + indirect labour + other expenses.
  - (c) Labour + manufacturing expenses.
  - (d) None of the above.

**Turn over**

4. Allotment of all items of overheads to a cost centres is known as \_\_\_\_\_.
- (a) Allocation. (c) Apportionment.  
(b) Classification. (d) Absorption.
- 5 \_\_\_\_\_ is a part of cost of production.
- (a) Normal waste. (c) Abnormal waste.  
(b) Both (a) and (b). (d) None of the above.

Fill in the blanks :

6. Two types ideal time are \_\_\_\_\_ and \_\_\_\_\_.
7. \_\_\_\_\_ wage system is most suitable when quality of work is of prime importance.
8. In ABC analysis A stands for \_\_\_\_\_ materials.
9. The \_\_\_\_\_ costing is applied when a quantity of similar and identical products are manufactured together as one job.
10. \_\_\_\_\_ is a summary of all functional budgets.

(10 × 1 = 10 marks)

### Part B

*Answer any eight questions.*

*Each question carries 2 marks.*

11. State the objectives of cost accounting.
12. What do you mean by cost centre ? Give example.
13. What is sunk cost ?
14. What is material requisition ?
15. What do you mean by JIT inventory ?
16. What do you mean by time and motion study ?
17. What is basic idea behind Tyler's differential price rate system ?
18. What is variable overhead ?
19. What is unit costing ?
20. What is Labour Hour Rate ?

(8 × 2 = 16 marks)

**Part C**

*Answer any six questions.*

*Each question carries 4 marks.*

21. Differentiate between cost accounting and financial accounting.
22. What do you mean by material control ? Discuss the need for material control.
23. What is meant by secondary distribution of overhead ? List the various methods of secondary distribution.
24. What is budgetary control ? State the objective of budgetary control.
25. The expenses budgeted for production of 10000 units in a factory are furnished below :

	Per unit
Materials	... 70
Labour	... 25
Variable factory overheads	... 20
Fixed Factory Overheads (10,000)	... 10
Variable Expenses (Direct)	... 5
Selling Expenses (10% Fixed)	... 13
Distribution Expenses (20% Fixed)	... 7
Administrative Expenses (Fixed-50,000)	... 5
Total cost of sales per unit	... <u>155</u>

You are required to prepare a budget for the production of 6000 units and 8000 units.

26. The following was the expenditure on a contract for Rs. 12,00,000 commenced in January 2018.

Materials	...	2,40,000
Wages	...	3,28,000
Plant	...	40,000
Overheads	...	17,200
Work uncertified	...	8,000

Cash received on account of the contract on 31<sup>st</sup> December 2018 was 4,80,000, being 80% of the work certified. The value of materials in hand was Rs. 12,000. The plant had undergone 20 % depreciation.

Prepare Contract Account.

27. A worker completes a job in a certain number of hours. The standard time allowed for the job is 10 hours, and the hourly rate of wages is Re. 1. The worker earns at the 50% rate a bonus of Rs. 2 under Halsey Plan.

Ascertain his total wages under the Rowan premium plan.

**Turn over**

28. The standard material required to manufacture one unit product X is 10 kg and the standard price per kg of material is Rs. 25. The cost accounts records however reveal that 11,500 kg of materials costing Rs. 2,76,000 were used for manufacturing 1000 units of product X. Calculate material variances.

(6 × 4 = 24 marks)

### Part D

Answer any two questions.

Each question carries 15 marks.

29. What is Costing ? Explain various methods of costing.
30. From the following information for the month of January, prepare a Cost Sheet :

Direct material	...	57,000
Direct wages	...	28,500
Factory rent and rates	...	2,500
Office rent and rates		500
Plant repairs and maintenance	...	1,000
Plant depreciation	...	1,250
Factory heating and lighting	...	400
Factory managers salary	...	2,000
Office salaries	...	1,600
Directors remuneration	...	1,500
Telephone and postage	...	200
Printing and stationary	...	100
Legal charges	...	150
Advertisement	...	1,500
Sales man salary	...	2,500
Showroom rent	...	500
Sales	...	1,16,000

31. The following particulars relate to ADM Manufacturing Company which has three production departments A, B and C and two service departments X and Y :

Departments	:	A	B	C	D	E
Total overheads as per primary distribution	:	6,300	7,400	2,800	4,500	2,000

The company decided to apportion the service department costs on the following percentages :

		A	B	C	D	E
X	..	40%	30%	20%	-	10%
Y	..	30%	30%	20%	20%	-

Find the total overheads of production departments using simultaneous equations method.

(2 × 15 = 30 marks)

C 61156

(Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2019

(CUCBCSS—UG)

B.Com.

BCM 4B 05—COST ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

I. Choose the correct answer :

1 Basic objective of cost accounting is \_\_\_\_\_.

(a) Cost audit.

(c) Financial audit.

(b) Cost ascertainment.

(d) Profit ascertainment.

2 \_\_\_\_\_ is suitable for Oil Refinery firms.

(a) Batch costing.

(c) Contract costing.

(b) Differential costing.

(d) Process costing.

3 \_\_\_\_\_ is the cost which is incurred even when a business unit is closed.

(a) Sunk cost.

(c) Historical cost.

(b) Shut down cost.

(d) Imputed cost.

4 Appropriate basis for apportionment of material handling charges is \_\_\_\_\_.

(a) Material consumed.

(c) Material wasted.

(b) Materials in stock.

(d) Material purchased.

5 Discarded material substances having no value is called \_\_\_\_\_.

(a) Scrap.

(c) Waste.

(b) Defectives.

(d) Spoilage.

Turn over

## II. Fill in the blanks :

- 6 The basis for the payment of cash by contractee under contract is \_\_\_\_\_.
- 7 The stores keeper should initiate a purchase requisition when stock reaches \_\_\_\_\_ level.
- 8 The time spent by workers off their work is \_\_\_\_\_.
- 9 \_\_\_\_\_ cost per unit remains constant.
- 10 \_\_\_\_\_ is a budget designed to finish budgeted cost for any level of activity actually allowed.

(10 × 1 = 10 marks)

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

- 11 State the limitations of financial accounting.
- 12 Give the names of four cost centres in an organisation.
- 13 What is Bin Card ?
- 14 Why overstocking of material should be avoided ?
- 15 Distinguish between time booking and time keeping ?
- 16 What do you mean by incentives ?
- 17 What do you mean by under absorption of overhead ?
- 18 What is overhead allocation ?
- 19 What is zero based budgeting ?
- 20 What do you mean by machine hour rate ?

(8 × 2 = 16 marks)

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

- 21 List the merits and demerits of cost accounting.
- 22 Outline the steps in the purchasing procedure of material till it reaches the stores.
- 23 What is budgetary control ? State the objectives of budgetary control.
- 24 The standard material required to manufacture one unit of product P is 10 kgs and the standard price per kg. of material is Rs. 25. The cost accounts records, however, reveal that 11,500 kgs. of materials costing Rs. 2,76,000 were used for manufacturing 1000 units of product P. Calculate material variances.

- 25 Delhi Transport Company is running four busses between two towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. Actual passengers carried were 75% of seating capacity. All the four buses ran on all the days of the month April 2018. Each bus made one round trip per day. Calculate total kms and total passenger kms for the month.
- 26 Rate per hour                      Rs. 1.5 per hour  
 Time allowed for job              20 hours  
 Time taken                              15 hours
- Calculate the total earnings of the worker under Halsey Plan. Also find out effective rate of earning.
- 27 About 50 items are required every day for a machine. A fixed cost of Rs. 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Rs. 0.02 per day. The lead period is 32 days. Compute :
- (a) EOQ.  
 (b) Re-order level.
- 28 Differentiate between flexible budget and fixed budget.

(6 × 4 = 24 marks)

**Part D***Answer any two questions.**Each question carries 15 marks.*

- 29 The product of company passes through 3 distinct process to completion. They are A, B and C. From past experience it is ascertained that loss is incurred in each process are :

Process A-2%,              Process B-5%,              Process C-10%.

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs. 5 per 100 units and that of process C at Rs. 20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process C into stock.

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Material consumed	6,000	4,000	2,000
Direct labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

**Turn over**

20,000 units have been issued to process A at a cost of Rs. 10,000. The output of each process has been as under.

Process A : 19,500 ;      Process B : 18,800 ;      Process C : 16,000

There is no working progress in any process. Prepare Process accounts.

- 30 A company has three production departments and two service departments. Departmental distribution summary has the following totals :

Production Departments :      P1—Rs. 800 ;      P2—Rs. 700 ;      P3—Rs. 500

Service Departments :              S1—Rs. 234              S2—Rs. 300

The expenses of 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	-

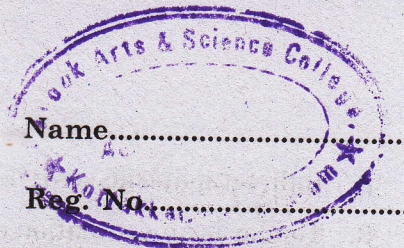
Prepare a statement showing apportionment of two service departments' expenses to production departments by simultaneous equation methods.

- 31 Explain the importance of cost accounting as a managerial tool.

(2 × 15 = 30 marks)

C 61157

(Pages : 4)



**FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2019**

(CUCBCSS—UG)

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

Choose the correct answer :

1. Basic object of cost accounting is :
  - (a) Tax compliance.
  - (b) Financial audit.
  - (c) Cost ascertainment.
  - (d) Profit analysis.
2. Process costing is suitable for :
  - (a) Hospitals.
  - (b) Oil reefing firms.
  - (c) Transport firms.
  - (d) Brick laying firms.
3. Cost classification can be done in :
  - (a) Two ways.
  - (b) Three ways.
  - (c) Four ways.
  - (d) Several ways.
4. The cost which is to be incurred even when a business unit is closed is a :
  - (a) Imputed cost.
  - (b) Historical cost.
  - (c) Sunk cost.
  - (d) Shutdown cost.
5. Direct expenses are also called :
  - (a) Major expenses.
  - (b) Chargeable expenses.
  - (c) Overhead expenses.
  - (d) Sundry expenses.

Fill in the blanks :

6. Indirect material used in production is classified as \_\_\_\_\_.
7. Warehouse rent is a part of \_\_\_\_\_.

Turn over

8. Indirect material scrap is adjusted along with \_\_\_\_\_.
9. Tender is an estimation of \_\_\_\_\_.
10. Total of all direct costs is termed as \_\_\_\_\_ cost.

(10 × 1 = 10 marks)

**Part B**

*Answer any eight questions from the following.  
Each question carries 2 marks.*

11. What is Profit Centre ?
12. Define Inventory.
13. What is Direct labour ?
14. What is Time Study ?
15. List out any *three* components of Factory Overhead.
16. What is fixed overhead ?
17. What is Purchase order ?
18. What is specific order costing ?
19. What is Budget ?
20. What is flexible budget ?

(8 × 2 = 16 marks)

**Part C**

*Answer any six questions from the following.  
Each question carries 4 marks.*

21. Explain the advantages of Perpetual Inventory System.
22. Define Contract Costing. What are its features ?
23. What are the advantages of budgeting ?
24. At the beginning of October 2011, Quality Brush Company had in stock 10,000 brushes valued at Rs. 10 each. Further purchases were made during the month as follows :

7 <sup>th</sup> October	...	4,000 brushes @ Rs. 12.50
14 <sup>th</sup> October	...	6,000 brushes @ Rs. 15.00
24 <sup>th</sup> October	...	8,000 brushes @ Rs. 16.50

Issues to shop floor were as follows :

16 <sup>th</sup> October	...	16,000 brushes.
28 <sup>th</sup> October	...	10,000 brushes.

You are required to prepare a Stores Ledger Card for the month of October on the assumption that materials were issued on the First-in-First-out principle.

25. A worker is allowed 60 hours time for completion of the job and the hourly rate is Rs. 4. The actual time taken by the worker is 40 hours. Calculate the wages of worker under Halsey Plan.
26. XYZ Ltd. introduced 10,000 units in the process out of which 8,000 units are completed and 2,000 units are in progress on which labour and overhead cost is incurred only 50 %. The following costs are incurred during the period :

	Rs.
Material	... 40,000
Labour and overhead cost	... 27,000

Calculate the equivalent production and cost of finished products and work in progress.

27. The expenses for the production of 5000 units in a factory are given as follows :

	<i>Per Unit</i> Rs.
Materials	... 50
Labour	... 20
Variable overheads	... 15
Fixed overheads (Rs. 50,000)	... 10
Administrative expenses (5 % variable)	... 10
Selling expenses (20 % fixed)	... 6
Distribution expenses (10% fixed)	... 5
<i>Total cost of sales per unit</i>	... 116

You are required to prepare a budget for the production of 7,000 units.

28. PQR Tubes Ltd. are the manufacturers of panels of TV. The following are the details of their operations during 2010-11 :

Ordering Cost	Rs. 100 per order
Inventory Carrying Cost	20 % p.a.
Cost of panel	Rs. 500 per panel
Normal usage	100 panel per week
Minimum usage	50 panel per week
Maximum usage	200 panel per week
Lead time to supply	6-8 weeks.

*Required :*

- (i) Re-order level.
- (ii) Maximum level of stock.
- (iii) Minimum level of stock.

(6 × 4 = 24 marks)

**Turn over**

## Part D

Answer any two questions from the following.

Each question carries 15 marks.

29. Define Cost Accounting. Distinguish between Cost Accounting and Financial Accounting.
30. Work out in cost sheet from the unit cost of production per ton of special paper, manufactured by a paper mill in June 2011 from the following data :

*Direct materials :*

Paper pulp	...	500 tons @ Rs. 50 per ton.
Other materials	...	100 tons @ Rs. 30 per ton.

*Direct labour :*

80 skilled men	...	@ Rs. 3 per day for 25 days.
40 unskilled men	...	@ Rs. 2 per day for 25 days.

*Direct expenses :*

Special equipments	...	Rs. 3,000.
Special dyes	...	Rs. 1,000

*Works overhead :*

Variable @ 100 % ; and

Fixed @ 60% on direct wages .

Administrative overhead @ 15 % on works cost.

Selling and Distribution overheads @ 15 % on works cost.

400 tons of special paper was manufactured and Rs. 800 was realized by the sale of waste material during the course of manufacture. The scrap value of the special equipment after utilization in manufacture is nil.

31. A product is finished in three stages I, II and III :

At the first stage, a quantity of 72,000 kg. was delivered at a cost of Rs. 2.50 per kg. The entire material was consumed. The production particulars along with the allocated expenses were as indicated in the table below :

State		Input (kg.)	Output (kg.)	Direct Wages (Rs.)	Fixed Overhead (%)	Variable Overhead (%)
I	...	72,000	67,680	7,500	150	200
II	...	65,000	60,125	12,000	125	150
III	...	55,600	50,000	14,500	200	250

(on direct wages).

The producer, as was his usual practice, assessed his cost at Rs. 6.77 per kg. based on his input expenditure and the finished output. With a selling price of Rs. 7.50 per kg., he estimated his profit at Rs. 36,500. If you do not approve of his assessment of the end results of the operation, convince him of the real results in a tabular form. You should assume the normal wastage as only 5 % on input at each stage and any excess wastage should not be allowed to inflate the cost of end product.

(2 × 15 = 30 marks)

**D 41919**

(Pages : 4)

Name.....

Reg. No.....

**FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2018**

(CUCBCSS—UG)

**BCM 4B 05—COST ACCOUNTING**

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

**I. Choose the correct answer :**

**1 Which one of the following is not part of factory overhead ?**

- (a) Lubricants. (b) Maintenance expense of delivery van.  
(c) Salary of foreman. (d) Depreciation on plant.

**2 Time keeping means :**

- (a) Time taken by workers on each job.  
(b) Time of exit minus time of entry.  
(c) Analysis of time spent by workers in operations or jobs.  
(d) None of the above.

**3 The value of closing stock approximates to the market value under :**

- (a) FIFO. (b) LIFO.  
(c) HIFO. (d) NIFO.

**4 A cost which does not involve any actual cash outlay is known by the name :**

- (a) Sunk cost. (b) Notional cost.  
(c) Out of pocket cost. (d) Discretionary cost.

**5 Notional loss arising from a contract is transferred to :**

- (a) WIP Reserve. (b) Contractee's account.  
(c) Costing P/L account. (d) None.

**Turn over**

## II. Fill in the blanks :

- 6 Process costing is a \_\_\_\_\_ of costing.
- 7 \_\_\_\_\_ is a cost which remains constant for all levels of activity in total.
- 8 Simultaneous equation method is used for redistribution of service department overhead to production departments, when service department provide \_\_\_\_\_ services.
- 9 Abnormal effectiveness is \_\_\_\_\_ in process account.
- 10 The inventory level at which purchase actions needs to be initiated is \_\_\_\_\_.

(10 × 1 = 10 marks)

**Part B**

*Answer any eight questions.*

*Each question carries 2 marks.*

- 11 List out the limitations of standard costing.
- 12 Distinguish between standing charges and operating charges.
- 13 What are the main features of process costing ?
- 14 What do you mean by extra work ? How do you treat the same in contract accounts ?
- 15 What is VED Analysis of material control ?
- 16 What do you mean by differential piece wage system ?
- 17 What do you mean by Chargeable Expenses ?
- 18 What do you mean by Machine Hour Rate ?
- 19 How do you calculate Prime Cost ?
- 20 Give any *four* methods of reallocating service department overhead to production departments.

(8 × 2 = 16 marks)

**Part C**

*Answer any six questions.*

*Each question carries 4 marks.*

- 21 What are cost plus contracts ? What are the advantages available with it ?
- 22 Describe the managerial use of Standard Costing.
- 23 What do you mean by abnormal effectiveness ? How it is calculated in Process accounts ?

- 24 Describe the various functional budgets prepared by a business organization.
- 25 Excel Ltd. took a road construction contract in the year 2015. The contract price was Rs. 10,00,000. At the end of 2015, the company has received Rs. 3,60,000 being 90 per cent of work certified. Work yet to be certified on the same day cost Rs. 10,000.

Expenditure incurred on the contract during the year was as follows : Materials Rs. 50,000, Labour Rs. 3,00,000, Plant Rs.20,000. Materials costing Rs. 5,000 were damaged and had to be disposed of for Rs. 1,000. The plant is considered as having depreciated by 25 per cent.

Prepare contract account for 2015 in the books of Excel Ltd. showing profits to be credited to Profit and Loss account for 2015.

- 26 AMRO Ltd. is engaged in producing a standard mix using 60 kg. of Chemical X and 40 kg. of Chemical Y, The standard loss of production is 30 %. The standard price of X is Rs. 5 per kg and of Y Rs. 10 per kg.

The actual mix and yield were as follows : X 80 kg @ Rs. 4.50 per kg.

Y 70 kg @Rs. 8.00 per kg.

Actual yield 115 kg.

Calculate Material Cost, Price, Usage and Mix variances.

- 27 Ascertain Economic Order Quantity and no. of orders to be placed per year from the following details :

Annual Demand 4000 units

Ordering cost per order Rs. 100

Cost of production per unit Rs. 2,000

Carrying cost p.a. 10%

- 28 You are required to calculate the earnings of a worker under (a) Halsey plan ; and (b) Rowan plan from the following particulars :

Guaranteed time wages Re. 1 per hour.

Standard time for producing one unit of output 4 hours.

Actual time taken to produce 100 units 360 hours.

(6 × 4 = 24 marks)

Turn over

**Part D**

*Answer any two questions.  
Each question carries 15 marks.*

- 29 Discuss about role of budgetary control and standard costing as the major control techniques used in cost accounting.
- 30 From the following particulars, you are required to prepare a Cost Sheet :

		Rs.
Productive wages	...	50,000
Raw materials	...	35,000
Administrative expenses	...	10,000
Direct Expenses	...	7,500
Light and water	...	2,500
Depreciation	...	1,500
Factory Rent	...	2,000
Indirect labour	...	25,000
Factory repairs	...	2,500
Selling and distribution OH	...	4,000
Sales	...	1,50,000

- 31 A company has three production departments and two service departments. The distribution summary of overhead is as follows :

**Production Departments :**

		Rs.
A	...	13,600
B	...	14,700
C	...	12,700

**Service Departments :**

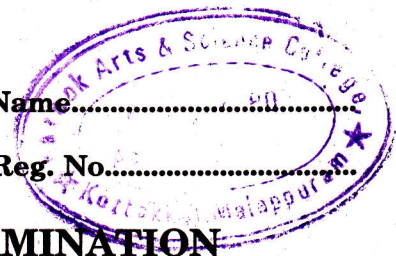
		Rs.
X	...	9,000
Y	...	3,000

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.

(2 × 15 = 30 marks)



**FOURTH SEMESTER B.Com. DEGREE EXAMINATION  
APRIL 2017**

(CUCBCSS-UG)

Core Course

BCM 4B 05—COST ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

**A. Choose the correct answer :**

1. In contract costing uncertified work is valued at what price?
 

(a) Cost + profit.	(b) Market.
(c) Cost.	(d) Contract.
2. Which one of the following is concerned with Pareto's law?
 

(a) VED.	(b) ABC.
(c) JIT.	(d) FSND.
3. If a company alternatively uses the LIFO and FIFO inventory methods, which accounting principle does it violate?
 

(a) Materiality.	(b) Cost principle.
(c) Consistency.	(d) No principle of accountancy.
4. Drawing office salary is an item of \_\_\_\_\_ overhead.
 

(a) Administration.	(b) Selling.
(c) Factory.	(d) Distribution.
5. Which one of the following is a service department?
 

(a) Refining.	(b) Production.
(c) Finishing.	(d) Receiving.

**B. Fill in the blanks :**

6. \_\_\_\_\_ budget is based on cost-benefit analysis.
7. Under \_\_\_\_\_ method, a new issue is determined after each purchase.
8. \_\_\_\_\_ means allotment of whole items of cost to cost centres.
9. Time taken for a job is \_\_\_\_\_.
10. No price of contracts is fixed in case of \_\_\_\_\_ contracts.

(10 × 1 = 10 marks)

**Turn over**

**Part B (Short Answer Questions)***Answer any eight questions.**Each question carries 2 marks.*

11. Distinguish between Costing and Cost Accounting.
12. What is danger level?
13. What is meant by functional budget?
14. What do you mean by direct expenses?
15. What is retention money?
16. State any *three* advantages of piece rate system?
17. Distinguish between joint product and by-product.
18. What is batch costing?
19. What is a stores ledger?
20. What is idle time?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)***Answer any six questions.**Each question carries 4 marks.*

21. How will you treat scrap in cost accounts?
22. What is time keeping? Discuss the various methods of time keeping.
23. What is master budget? What are its components?
24. What is meant by perpetual inventory system? State its advantages.
25. Calculate Re-order level, Maximum level and Minimum level from the following particulars :

Normal usage – 60 units per week.

Minimum usage – 40 units per week.

Maximum usage – 80 units per week.

Re-order period – 4 to 6 weeks.

Re-order quantity – 400 units.

26. From the following details calculate the earnings of a worker under Halsey premium bonus plan :

Hourly rate of wages – Re. 0.75.

Standard time for producing 1 dozen articles – 3 Hours.

Actual time taken for producing 20 dozen article – 48 Hours.

27. Ahalya Printers Ltd., ended with the following Profit and Loss during the year 2012 :

(Figures in Lakhs)

Sales		35.58
Less Expenses		
Raw material	7.42	
Stores	4.48	
Expenses	20.40	
Interest	2.00	
Depreciation	2.00	36.30
Loss for the year		0.72

The printers had been working at 60% capacity during the year 2012. Of the expenses Rs. 20.40 lakh, 25% is variable. In 2013, production and sales at 80% is expected to be achieved. Fixed cost, however, is expected to increase by Rs. 1.20 lakh.

Prepare the budget for the year 2013.

28. The cost account of Neelagiri Ltd. the following information for the month of 31<sup>st</sup> March 2012 :

	Rs.
Stock of raw materials on 1-4-2011	... 50,000.00
Stock of raw materials on 31-3-2012	... 55,000.00
Stock of finished goods on 1-4-2011	... 36,000.00
Stock of finished goods on 31-3-2012	... 35,000.00
Purchase of raw materials	... 46,000.00
Work in progress on 1-4-2011	... 18,000.00
Work in progress on 31-3-2012	... 20,600.00
Sale of furnished goods	... 1,70,000.00
Productive wages	... 37,100.00
Work expenses	... 17,800.00
Office and administrative expenses	... 14,600.00
Selling and distribution expenses	... 9,700.00
Sale of scrap	... 1,500.00

Prepare a Cost Sheet, showing all the details.

(6 × 4 = 24 marks)

Turn over

**Part D (Essay Questions)***Answer any two questions.**Each question carries 15 marks.*

29. Define EOQ. Explain the purchase procedure in detail.
30. Product 'X' of Gemplast Ltd. passes through two processes – A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process A and B, realises Rs. 80 per tonne and Rs. 200 per tonne respectively. The following are the figures relating to both the processes :

	<i>Process A</i>	<i>Process B</i>
Materials in tonne	1,000	70
Cost of material per tonne (Rs.)	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses	8,000	5,250
Output in tonne	830	780

Prepare the process cost accounts showing the cost per tonne of each process. There was no stock or work-in-progress in any process.

31. Hi-tech builders engaged on two contracts. The following informations are obtained at the year end on 31<sup>st</sup> December 2010 :

	<i>Contract A</i>	<i>Contract B</i>
<i>Date of commencement</i>	<i>April 1</i>	<i>September 1</i>
	<i>Rs.</i>	<i>Rs.</i>
Contract price	6,00,000.00	5,00,000.00
Materials issued	1,60,000.00	60,000.00
Materials returned	4,000.00	2,000.00
Materials at site (Dec. 31)	22,000.00	8,000.00
Direct labour	1,50,000.00	42,000.00
Direct expenses	66,000.00	35,000.00
Establishment Expenses	25,000.00	7,000.00
Plant installed at site	80,000.00	70,000.00
Value of plant (Dec. 31)	65,000.00	64,000.00
Cost of contract not yet certified	23,000.00	10,000.00
Value of contract certified	4,20,000.00	1,35,000.00
Cash received from contractees	3,78,000.00	1,25,000.00
Architect's fees	2,000.00	1,000.00

Materials transformed from contract A to contract B were Rs. 9,000 during the period. You are required to prepare (a) Contract account ; (b) Contractee's account.

(2 × 15 = 30 marks)

**FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2016**

(CUCBCSS—UG)

Core Course

BCM 4B 05—COST ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

**Part A**

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

(A) Choose the correct answer :

- 1 Which method of inventory valuation does not follow 'consistency' principle of accounting ?
  - (a) FIFO.
  - (b) LIFO.
  - (c) Cost or market price, whichever is lower.
  - (d) None of the above.
- 2 Which of the following costing method is used in printing press ?
  - (a) Batch.
  - (b) Job.
  - (c) Process.
  - (d) Unit.
- 3 The purpose of cost accounting is :
  - (a) Reporting to external agencies.
  - (b) Earn abnormal profit.
  - (c) Cost control.
  - (d) None of these.
- 4 Idle time arises only when workers are paid only \_\_\_\_\_ basis
  - (a) Piece.
  - (b) Incentive.
  - (c) Time.
  - (d) Merit.
- 5 Abnormal effective in process costing means \_\_\_\_\_.
  - (a) Abnormal gain.
  - (b) Abnormal loss.
  - (c) Normal loss.
  - (d) Normal gain.

Turn over

(B) Fill in the blanks :

- 6 Incremental cost is a type of \_\_\_\_\_.
- 7 Zero base budget was first used by \_\_\_\_\_.
- 8 Stores ledger is a basic \_\_\_\_\_.
- 9 The difference between actual and recovered overhead is called \_\_\_\_\_.
- 10 Cost of \_\_\_\_\_ loss is not borne by goods in units.

(10 × 1 = 10 marks)

**Part B (Short Answer Questions)**

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

- 11 Define direct costing.
- 12 What is sub-contract ?
- 13 What do you mean by labour productivity ?
- 14 What is a by-product ?
- 15 What do you mean by under absorption of overhead ?
- 16 What do you mean by standing charges ?
- 17 What is de-escalation clause in contract accounts ?
- 18 What is meant by zero base budgeting ?
- 19 What is unit costing ?
- 20 What is meant by indirect labour ?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

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

- 21 Explain the advantages of an effective materials control system.
- 22 Distinguish between Financial Accounting and Cost Accounting.
- 23 What is cash budget ? What are its advantages ?
- 24 What is an overhead ? Distinguish between allocation and absorption of overheads ?
- 25 In process A - 200 units of raw materials were introduced at a cost of Rs. 2,000. The other expenditure incurred by the process was Rs. 1,500. Of the units introduced 20 % are normally lost in the course of manufacture and they possess a scrap value of Rs. 6 each. The output of process A was only 150 units. Prepare Process A account and Abnormal Loss account.

26. Rate per hour- Rs. 3 per hour  
Time allowed for job- 20 hours  
Time taken-15 hours.

Calculate total earnings of the worker under the Halsey I premium Plan. Also calculate the effective rate of wages.

27. Calculate the reordering level of a firm, information regarding whose materials being used are as under :

- (i) Minimum limit 1000 units.                      (ii) Maximum limit 500 units.  
(iii) Daily requirement 200 units.

Time required for fresh delivery 10 days.

28. A company has three production departments namely A, B and C and two service departments X and Y. The expenses incurred to these departments on 31<sup>st</sup> March 2009 were as follows :

Production Departments		
A	B	C
52,000	47,000	41,500
Service Department		
X	Y	
18,000	22,000	

The company decided to apportion the service department costs on the following percentages :—

Department	A	B	C	X	Y
X	35 %	25 %	30 %	—	10 %
Y	40%	30 %	10 %	20 %	—

Find the total overheads of production departments using Simultaneous equation method ?

(6 × 4 = 24 marks)

#### Part D (Essay Questions)

Answer any **two** questions.  
Each question carries 15 marks.

29. Define Costing. Explain different methods and techniques of costing.
30. Malabar builders started a contract on 1<sup>st</sup> January, 2013. Following was the expenditure on the contract for Rs. 3,00,000 :
- Materials issued to contract Rs. 51,000 ; plant used for contract Rs. 15,000 ; wages incurred Rs. 81,000 ; other expenses incurred Rs. 5,000.

Turn over

Cash received amounted to Rs. 1, 28,000 being 80 % of the work certified. Of the plant and materials charged to the contract, plant which cost Rs. 3, 000 and materials which cost Rs. 2,500 were lost. On 31<sup>st</sup> December, 2013 plant which cost Rs. 2,000 was returned to store, the cost of work done but uncertified was Rs. 1,000 and materials costing Rs. 2,300 were in hand on site.

Charge 15 % depreciation on plant, and take to the profit and loss account 2/3 of the profit received. Prepare the Contract account, Contractee's account and balance sheet from the above particulars.

31. Mithra Ltd. furnishes the following details :

Cost of Machine	— Rs. 10,000
Estimated life	— 10 years
Scrap value	— Rs. 1,000
Expected working time (50 weeks of 44 hours each)	— 2200 hours.
Machine maintenance	— 200 hours per annum.
Chemical required weekly	— Rs. 20
Maintenance cost per year	— Rs. 1,200

Electricity 16 units per hour at 10 paise per unit

Departmental overhead allocated to this machine — Rs. 2,000 per annum.

Setting up time estimated at 5 % of the total production time and is regarded as unproductive time. Two attendants control the operations of the machine together with 6 machines. (With salary of Rs. 1,200 each per year)

Calculate Machine Hour Rate.

(2 × 15 = 30 marks)

**C 5429**

(Pages : 4)

Name.....

Reg. No.....

**FOURTH SEMESTER B.Com. DEGREE (UG—CCSS) [SUPPLEMENTARY/  
IMPROVEMENT] EXAMINATION, MAY 2016**

(SDE)

Core Course

BC 4B 05—COST ACCOUNTING

Time : Two Hours and Forty-Five Minutes

Maximum : 27 Weightage

**Part B**

*Answers only in English.*

**SECTION A**

I. Answer all *nine* questions in one or two sentences each. Each question carries a weightage of 1 :

- 1 Define Costing.
- 2 What is a fixed cost ?
- 3 Define cost centre.
- 4 What do you mean by normal cost ?
- 5 What is a Bin card ?
- 6 What do you mean by idle time ?
- 7 What do you mean by flexible budget ?
- 8 Define budgetary control.
- 9 What do you mean by analysis of variance ?

(9 × 1 = 9 weightage)

**SECTION B**

II. Answer any *five* questions in not exceeding *one page* each. Each question carries a weightage of 2 :

- 10 Differentiate Financial Accounting and Cost Accounting.
- 11 Discuss about the classification of cost.
- 12 Examine various classification of overhead.

- 13 In respect to material X, the following information is available :

Annual demand is 3500 units.

Cost /unit is Rs. 3.60

Ordering cost /orders is Rs. 5

Storage cost is 3% per annum.

Rate of interest is 10% per annum

Lead time is  $\frac{1}{2}$  month.

Find out the value of EOQ.

- 14 You are requested to ascertain the earnings of the workers on the basis of Merrick's differential piece rate system :

Normal price : Rs. 10 per unit.

Standard production : 120 units per day.

In an 8 hour day :

X produced 90 units.

Y produced 100 units.

Z produced 132 units.

- 15 In the production process, 2 components X and Y are used in the following manner :

Normal usage : 50 units each per week.

Minimum usage : 25 units each per week.

Maximum usage : 75 units each per week.

Reorder quantity : X = 400 units, Y = 600 units.

Reorder period : X = 4 to 6 weeks, Y = 2 to 4 weeks.

Emergency supply time : X = 2 weeks. Y = 1 week.

Calculate :

- (a) Reorder level.
- (b) Minimum level ; and
- (c) Average stock level.

16 The following items relate to a machine installed in the production department of a factory :

- (a) Power consumed by the machine, 10 units per hour at 40 paise.
- (b) Cost of repair and maintenance for a year Rs. 3,000.
- (c) General overhead apportioned to the machine Rs. 4,000 per year.
- (d) One attendant controlled the operations of the machine as well as another machine of the same type. He is paid wages of Rs. 2,000 per month.
- (e) The original cost of the machine was Rs. 1,00,000 with an estimated scrap value of Rs. 20,000 at the end of 10<sup>th</sup> year.
- (f) The estimated working hours were 5,100 hours for the year. The machine is shut down for 100 hours for annual maintenance.

You are required to calculate the machine hour rate for the machine.

(5 × 2 = 10 weightage)

### SECTION C

III. Answer any *two* questions in not exceeding *four pages*. Each question carries a weightage of 4 :

17 Sony constructions Ltd. started on January 1<sup>st</sup>, 2007 a contract for a contract price of Rs. 50,00,000 during the year 2007.

The following is the Trial Balance of the company as on 31<sup>st</sup> December 2007.

<i>Trial Balance</i>	Dr.	Cr.
Share capital-in shares of Rs. 10 each		10,00,000
Land and buildings	4,00,000	
Contractee's account (cash received being 75% of work certified)		22,50,000
Bank balance	40,000	
Creditors		30,000
Contract account :		
Materials	11,00,000	
Labour	12,00,000	
Direct Expenses	1,10,000	
Overhead charges	80,000	
Plant	3,50,000	
	32,80,000	32,80,000

On 31<sup>st</sup> December, 2007 the cost of work done but not certified was Rs. 1,65,000. Plant is valued at Rs. 2,55,000 and unused materials at site are valued at Rs. 5,000. Materials of the cost of Rs. 15,000 were lost by fire at site.

Prepare Contract account and Balance Sheet as on 31<sup>st</sup> December 2007.

Turn over

- 18 The following information has been obtained from the cost records of Modern Works Ltd. for three months ending 31<sup>st</sup> March, 2014 during which 100 units are produced and all the units are sold at Rs. 300 per unit.

*Raw materials :*

	Rs.
Stock on 1 <sup>st</sup> January 2014 ...	18,000
Stock on 31 <sup>st</sup> March 2014 ...	21,000
Materials purchased ...	1,62,000
Carriages paid on purchases ...	3,000
Depreciation on plant ...	6,000
Repairs to plant ...	2,000
Factory rent, taxes and insurance ...	7,000
Indirect materials ...	11,000
Indirect labor ...	9,000
Direct labor ...	28,000
Depreciation on furniture ...	3,000
Printing and stationary ...	1,500
Office salaries and allowances ...	14,500
Warehouse rent ...	2,400
Advertising ...	2,000
Salesmen's salary and communication ...	2,600

You are required to prepare statement showing the following information :

- (a) Prime cost ; (b) Works cost ; (c) Cost of production ; (d) Cost of sales ; (e) Total cost ; and (f) Profit.
- 19 Examine the importance and principles of costing accounting.

(2 × 4 = 8 weightage)