

C 3935



**COMMERCE
FACTORY**

(Pages : 4)

Name.....

Reg. No.....

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.

(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 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 31st 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 1st 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 31st 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)

1.25

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2016**(CUCBCSS—UG)****Core Course****BCM 4B 05—COST ACCOUNTING****(Multiple Choice Questions for SDE Candidates)****: 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. _____ provides information for income determination.
(A) Financial accounting. (B) Cost accounting.
(C) Management accounting. (D) None of these.
2. 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.
3. _____ is a post mortem of past costs.
(A) Financial accounting. (B) Cost accounting.
(C) Both (A) and (B). (D) None of these.
4. The ordinary trading account is a locked storehouse of most valuable information to which cost system is the _____.
(A) Key. (B) Lock.
(C) House. (D) None of these.
5. Cost accounting is based on _____ figures.
(A) Estimated. (B) Historical.
(C) Actual. (D) None of these.
6. The method of costing used in a refinery is _____ costing.
(A) Process. (B) Batch.
(C) Multiple. (D) Job.
7. _____ is concerned with discovery of facts concerning a job and _____ is concerned with ascertaining the money value of a job.
(A) Job description, job evaluation. (B) Job specifications, job evaluation.
(C) Job analysis, job evaluation. (D) None of these.

8. _____ 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.

9. In time wage system, wages are paid according to the _____.

- (A) Production. (B) Time.
(C) Both (A) and (B). (D) None of these.

10. Under piece rate system of wage payment, payment is made according to the _____.

- (A) Quantity of work done. (B) Time.
(C) Both (A) and (B). (D) None of these.

11. Taylors differential piece rate system provides for higher rate to _____ workers.

- (A) Inefficient. (B) Efficient.
(C) Both (A) and (B). (D) Lazy.

12. Under step method of re-apportionment of costs of service departments, the cost of last service department is apportioned only to the _____.

- (A) Production departments. (B) Service departments.
(C) Both (A) and (B). (D) None of these.

13. _____ is the amount by which the absorbed overheads fall short of the actual amount of overheads incurred.

- (A) Over absorption of overheads. (B) Under absorption of overheads.
(C) Overheads absorption. (D) None of these.

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.

Turn over

15. The per unit expense of the _____ portion factory overhead varies with the volume of production while _____ portion remains the same with volume.
- (A) Fixed, variable. (B) Variable, fixed.
(C) Variable, semi-variable. (D) None of these.
16. Period costs charged to _____.
- (A) Cost of production. (B) Products.
(C) Period. (D) None of these.
17. _____ is the smallest segment of activity or area or responsibility for which costs are accumulated.
- (A) Cost Object. (B) Cost centre.
(C) Cost driver. (D) None of the above.
18. _____ cost is irrecoverable cost.
- (A) Marginal. (B) Out of pocket.
(C) Sunk. (D) None of these.
19. _____ is the cost which involves payment to outsiders.
- (A) Out of pocket cost. (B) Imputed cost.
(C) Notional cost. (D) None of these.
20. An item of cost that is direct for one business may be _____ for another business.
- (A) Important. (B) Direct.
(C) Indirect. (D) None of the above.