

FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017

(CUCBCSS-UG)

Core Course

BCM 4B 05—COST ACCOUNTING


**COMMERCE
FACTORY**

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 Time period

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 31st 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 :

	Process A	Process B
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 31st December 2010 :

	Contract A	Contract B
	April 1	September 1
	Rs.	Rs.
Date of commencement	April 1	September 1
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
(b) 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
(b) Cash received from contractees	3,78,000.00	1,25,000.00
(b) 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 x 15 = 30 marks)

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(Pages : 4)

Name.....

Reg. No.....

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APRIL 2017**

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BCM 4B 05—COST ACCOUNTING

(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. Credit and collection cost is an item of :
 - (a) Selling overhead.
 - (b) Office overhead.
 - (c) Prime cost.
 - (d) Administrative overhead.

3. In _____ each job is a cost unit to which all costs are assigned.
 - (a) Batch costing.
 - (b) Job costing.
 - (c) Process costing.
 - (d) Operation costing.

4. Printers use _____ costing.
 - (a) Process.
 - (b) Batch.
 - (c) Job.
 - (d) Contract.

5. An automobile service unit uses _____ costing.
 - (a) Specific order.
 - (b) Batch.
 - (c) Job.
 - (d) Contract.

6. Where the work is undertaken to Customers' special requirements and each order is of comparatively short-duration, it is called _____ costing.
 - (a) Job.
 - (b) Batch.
 - (c) Operation.
 - (d) Output.

7. Economic Batch Quantity depends on _____ and _____ costs:
 - (a) Material, Labour.
 - (b) Set-up costs, Carrying.
 - (c) Transportation, Carrying.
 - (d) Warehousing, Labour.

8. Room/day is the cost unit used in :
 - (a) Hotels.
 - (b) Hospital.
 - (c) Schools.
 - (d) None of these.

9. In transport costing _____ charges vary more or less in direct proportion to kilometers run.
- (a) Running. (b) Petrol.
(c) Driver's salary. (d) Tax.
10. In electricity supply company uses _____ as cost unit.
- (a) Kilo watt hour. (b) Per household.
(c) Voltage. (d) None of these.
11. Boiler house costing is an example of _____ costing.
- (a) Operation. (b) Process.
(c) Service. (d) None of these.
12. In service costing, fixed charges are also called as _____.
- (a) Standing charges. (c) Variable charges.
(b) Fixed charges. (d) None of these.
13. If the present cost of the car is Rs.1,00,000 residual value at the end of the 5th year is Rs.20,000 the monthly depreciation is _____.
- (a) Rs. 20,000. (b) Rs. 16,000.
(c) Rs. 1,333. (d) Rs. 17,333.
14. A bus carries 25 passengers daily for 25 days and its mileage per month is 1000 kms. Its passenger miles are _____.
- (a) 30,000. (b) 12,500.
(c) 20,000. (d) 25,000.
15. Equivalent units represent the production of a process in terms of _____ units.
- (a) Completed. (b) Total production.
(c) Semi-finished. (d) Both (a) and (c).
16. The cost of _____ process loss is absorbed in the cost of production of good units.
- (a) Abnormal. (b) Normal.
(c) Both (a) and (b). (d) None of these.
17. Where actual loss in a process is less than the anticipated loss, the difference between the two is considered to be _____.
- (a) Abnormal loss. (b) Normal loss.
(c) Abnormal gain. (d) Normal gain.

