

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)