

FOURTH SEMESTER B.COM DEGREE EXAMINATION
MARCH 2013 (CCSS)
BC 4 B 05 - COST ACCOUNTING (2010 ADMISSIONS)

Time: Three Hours

Maximum: 30 Weightage

PART A

I to III Answer all 12 questions.

Weightage 3 and Weighted Grade Point 12.

I. Fill in the blanks:

1. costs are partly fixed and partly variable.
2. The cost of abnormal idle time is charged to
3. is the most suitable method of costing for a transport company.
4. is the formula for calculating E.O.Q.

II. Choose the correct answer.

5. Under process costing the output of last process is transferred to
 (a) W.I.P. a/c (b) Opening stock a/c
 (c) Finished stock a/c (d) Closing stock a/c
6. method gives better results during a period of falling prices.
 (a) LIFO (b) FIFO (c) Simple average (d) None of these
7. Under which method of costing the production is according to customer's order?
 (a) Process costing (b) Multiple costing
 (c) Job costing (d) Uniform costing
8. The value of benefit sacrificed in favour of an alternative course of action is known as
 (a) Sunk cost (b) Marginal cost
 (c) Notional cost (d) Opportunity cost
- III. 9. When the actual overhead incurred is more than the overhead absorbed, it is called
 (a) Over absorption (b) Under absorption
 (c) Under allocation (d) None of these
10. is most suitable when quality of work is of prime importance.
 (a) Piece rate (b) Average rate
 (c) Time rate (d) Taylor's piece-rate
11. is used for control of spare parts.
 (a) ABC analysis (b) VED analysis
 (c) Perpetual inventory (d) E.O.Q.
12. is a summary of all budgets.
 (a) Functional budget (b) Financial budget
 (c) Master budget (d) Flexible budget

(WGP 3 x 4 = 12)

Part B

Answer all questions.

Each question carries a weightage of 1.

13. What is standard cost?
14. Define perpetual inventory system.
15. How would you calculate the earnings of a worker under

Rowan plan?

16. What is escalation clause in contract costing?
17. What is time keeping?
18. What is labour rate variance?
19. What do you mean by zero base budgeting?
20. What is operating costing?
21. What is a budget manual? (WGP 9x4=36)

Part C

Answer any five questions.

Each question carries a weightage of 2.

22. How do you ascertain the profit on incomplete contract?
23. Explain the ABC analysis.
24. It is estimated that a product requires 50 units of material at Rs.3 per unit. The actual consumption of material came to 60 units at Rs.2.80 per unit:
 Calculate:
 (a) Material Cost Variance
 (b) Material Price Variance
 (c) Material Usage Variance
25. From the following particulars calculate Machine Hour Rate:-

| | |
|--|--------------|
| Cost of Machine | - Rs. 16,000 |
| Estimated scrap value | - Rs. 1,000 |
| Estimated life of machine | - 1000 hours |
| Working hours for four weeks | - 160 hours |
| Repairs and maintenance charges for a month | - Rs. 120 |
| Standing charges attributed to the machine for a month | - Rs. 40 |
| Power used by machine at 85 paise per hour. | |
26. From the following data for the last 12 months, compute stock levels of Material A:

| | |
|--------------------------|-------------|
| Maximum usage in a month | - 300 units |
| Minimum usage in a month | - 200 units |
| Average usage in a month | - 225 units |
| Reordering quantity | - 750 units |

 Lead time:
 Maximum - 6 months; Minimum - 2 months
27. Prepare a flexible budget at 80% and 100% capacity levels on the basis of the following information:-

| | |
|-----------------------------------|--------------------------------|
| Raw materials cost per unit (Rs.) | - 80 |
| Direct Labour cost per unit (Rs.) | - 60 |
| Expenses (direct) per unit (Rs.) | - 20 |
| Factory Expenses | - Rs. 50,000 (50% variable) |
| Administrative expenses | - Rs. 60,000 (60% variable) |

 Production at 50% capacity is 5,000 units.
28. The following data had been extracted from the books of a contractor for the year ended 31st March 2010:-

| | |
|---|---------------|
| | Rs. |
| Contract price | ... 10,00,000 |
| Materials purchased | ... 4,80,000 |
| Direct labour | ... 3,60,000 |
| Direct charges | ... 15,000 |
| Establishment charges | ... 10,000 |
| Materials transferred to other contract | ... 5,000 |
| Plant purchased at commencement | ... 40,000 |
| Value of plant on 31st March 2010 | ... 30,000 |

The contract is completed on 31st March 2010. Prepare contract account.
(WGP 5 x 2 x 4 = 40)

Part D

Answer any two questions.

Each question carries a weightage of 4.

29. A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records:

| | Process I | Process II | Process III | Total |
|----------------------|-----------|------------|-------------|-------|
| Materials (Rs.) | 2600 | 2000 | 1025 | 5625 |
| Direct wages (Rs.) | 2250 | 3680 | 1400 | 7330 |
| Production overheads | -- | -- | -- | -- |

500 units at Rs.4 per unit were introduced in Process I. Production overheads are absorbed as a percentage of direct wages. The actual output and normal loss of the respective processes are as follows:

| | Output (units) | Normal loss | Value of scrap per unit |
|-------------|-------------------|--------------|----------------------------|
| Process I | 450 | 10% of input | Rs.2 |
| Process II | 340 | 20% of input | Rs.4 |
| Process III | 270 | 25% of input | Rs.5 |

Prepare the process accounts and abnormal gain/loss accounts.

30. The following information has been obtained from the cost records of a company for 6 months during which 100 units are produced and all the units are sold at Rs. 3,000 per unit:

| | |
|--------------------------------------|--------|
| Opening stock of materials | 18000 |
| Stock of material after 6 months | 21000 |
| Purchase of materials | 162000 |
| Carriage paid on purchase | 3000 |
| Depreciation on plant | 6000 |
| Repairs on plant | 2000 |
| Factory rent, lighting and insurance | 7000 |
| Indirect materials used | 11000 |

| | |
|----------------------------|-------|
| Indirect labour | 9000 |
| Direct labour | 28000 |
| Depreciation on furniture | 3000 |
| Printing & Stationery | 1500 |
| Office salary & allowances | 14500 |
| Warehouse rent | 2400 |
| Advertising | 2000 |
| Salesmen's salary | 2600 |

Prepare a cost sheet showing all the details.

31. Define overhead. Explain various classification of overhead.
(WGP 2 x 4 x 4 = 32)