

**FOURTH SEMESTER B.COM DEGREE EXAMINATION  
MAY 2011  
BC4 B 05 - COST ACCOUNTING**

Time: Three Hours

Maximum: 30 Weightage

**PART A**

The part consists of three Bunches of questions carrying equal weightage of 1.

Each bunch consist of 4 questions.

Answer all questions.

**I. Choose the correct alternative:**

- Indirect materials are:
  - A Prime cost
  - A fixed cost
  - An irrelevant cost
  - A factory overhead cost
- Prime cost means:
  - Direct materials
  - Direct labour
  - Direct material and direct labour
  - None of these
- Which of the following will not be used in job-order costing?
  - standards
  - marginal costing
  - Averaging of direct labour and material rates
  - Factory overhead allocation on direct labour hours applied to the job

Normal wastage is properly classified as:

- An extra ordinary item
- Period cost
- Product cost
- Deferred charge

**State True or False.**

- Financial accounts provided information for income determination.
- Slow moving materials have a high turn over ratio.

**Choose one alternative from the bracket and fill in the blanks:**

- ABC analysis is technique of ..... (stock control/ labour control)
- National interest on capitla is only shown in ..... (cost accounts/ financial accounts)

**III. Match the items in Column A with Column B.**

Column A	Column B
9. Transport company	Telephone Rent
10. Semi-variable exp.	Operating costing
11. Bin card	Perpetual Inventory system
12. Fixed cost	Period cost
	Variable cost

(12 X 1/4 = 3 weightage)

**Part B**

Answer all questions in one or two sentences each.

Each question carries a weightage of 1.

- Define cost unit.
- What do you mean by Direct cost?

- What is E.O.Q?
- Define idle time.
- What do you mean by overhead?
- What is machine hour rate?
- What do you mean by composite cost unit?
- Define Job costing.
- What is cost plus contract? (9x1=9 weightage)

**Part C**

Answer any five questions.

Answer not to exceed one page each.

Each question carries a weightage of 2.

- Distinguish between Financial Accounting and cost accounting.
- Prime cost of product is Rs. 200 per unit, factory overheads are 20% of prime cost. Administration overheads are 25% of works cost. Profit is 25% on selling price. Calculate the selling price.
- A worker A 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.
- Calculate EOQ from the following information:  
Annual consumption 6,000 units  
Cost of ordering = Rs. 15 per order  
Cost per unit = Rs. 2.50  
Carrying cost 20% of average inventory.
- 1,000 units of raw materials were introduced to process X at Rs. 10 per unit, Direct labour and other expenses were Rs. 3,000 and Rs. 2,000 respectively. Past experience shows that 10% of the units introduced to the process are normally lost which possess a scrap value of Rs. 6 per unit. The actual production from the process were only 850 units to be transferred to process Y. Prepare process Xale.
- Calculate the Re-ordering level from the following:-  
Maximum level - 450 units per day  
Minimum level - 150 units per day  
Re-order level - 8 to 10 days
- Calculate total kms and Total passenger kms from the following data:
 

Number of buses	... 5
Days operated per month	... 25
Trips done per lens	... 4
One side distance per trip	... 20 kms
Capacity per bus	... 50 passengers
Capacity	... 90%

(5 x 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

29. ABC Ltd. has two production departments and two service departments. Expenses incurred for these departments and other information available is given below:

Departments		Overheads Rs.	Service consumed maintenance	Power %
Production Depts	R	200000	40	70
	S	250000	40	25
Service departments:				
Maintenance	M	20000	--	5%
Power	P	30000	20	--
Total		500000	100	100

30. From the data given below calculate:

- (i) Material cost variance
- (ii) Material price variance
- (iii) Materials usage variance

Product	Standard qty. (units)	Standard Price Rs.	Actual Qty.(units)	Actual price Rs.
A	1050	2.00	1100	2.25
B	1500	3.25	1400	3.50
C	2100	3.50	2000	3.75

31. A company at present operating at 50% capacity, produces and sells 10,000 units. The unit cost is Rs. 180 and the selling price is Rs. 200. The expenses per unit are given below:

Direct material	... 100
Direct labour	... 30
Factory expenses 60% variable	... 30
Administrative expenses 40% fixed	... 20

(2 x 4 = 8 weightage)