

FOURTH SEMESTER B.Com. DEGREE (U.G.—CCSS) EXAMINATION
MAY 2014

(SDE)

BC 4B 05—COST ACCOUNTING



**COMMERCE
FACTORY**

Maximum : 27 Weightage

Time : Two Hours and Forty-five Minutes

*(Students should write the examination in English Only)***Part B**I. Answer all *nine* questions. Each question carries a weightage of 1.

- 1 What is cost accountancy ?
- 2 What is profit centre ?
- 3 What is Absorption of Overheads ?
- 4 What is ABC analysis ?
- 5 What is Bin Card ?
- 6 What is Notional Profit ?
- 7 What is Budget Manual ?
- 8 What is Performance Budgeting ?
- 9 What is overtime ?

(9 × 1 = 9 weightage)

II. Answer any *five* questions. Each question carries a weightage of 2 :

- 10 Distinguish between time keeping and time booking.
- 11 What are the advantages and limitations of standard costing ?
- 12 Distinguish between allocation and apportionment.
- 13 Data relating to a job are given below :

Standard rate of wages per hour—Rs.10.

Standard hours—300.

Actual rate of wage per hour—Rs. 12.

Actual hours—200.

Turn over

You are required to calculate :

- (i) Labour cost of variance.
- (ii) Labour rate variance.
- (iii) Labour efficiency variance.

2

$$LCV = (SR + SW) -$$

$$LMV = \frac{mev}{sw} \quad \text{(Actual Rate * 5 Rate)}$$

14 Compute the Machine Hour Rate from the following data :—

	Rs.
Cost of machine	1,00,000
Installation charges	10,000
Estimated scrap value after life time (15 years)	5,000
Rent and rate for the month	2,000
Lighting charges per month	300
Insurance per annum	960
Repair charges per annum	1,000

Power consumption 10 units per hr. @ 60 paise per unit.

Estimated working hours 2,200 per annum (this includes setting up time of 200 hours.) Supervisor salary P.M. Rs. 3,000.

The machine occupies $\frac{1}{4}$ th of the space in the workshop and the supervisor devotes $\frac{1}{5}$ th of his time for the machine.

15 X Ltd. has purchased and issued materials in the following order :—

2012	Units	Units Cost
February 1 purchased	300	3
February 4 purchased	600	4
February 6 issued	500	
February 10 purchased	700	4
February 15 issued	800	
February 20 purchased	300	5
February 23 issued	100	

Prepare the stores ledger account under FIFO for the month of February 2012.

16. Worker A finishes the job in 8 hours and Worker B finishes the job in 12 hours. The standard hours allowed for completing the job is 20 hours, and the standard rate per hour is Rs. 5. Calculate the earnings of the workers under Halsey Plan and Rowan Plan?

(5 × 2 = 10 weightage)

- III. Answer any two. Each question carries a weightage of 4 :

- 17 Product x is obtained after it passes through 3 distinct processes. You are required to prepare process account from the following information :—

Process	Total	I	II	III
Material	15,084	5,200	3,960	5,924
Direct wages	18,000	4,000	6,000	8,000
Production Overheads	18,000			

1,000 units @ Rs. 6 per unit were introduced in process I.

Production overheads are to be distributed as 100 % on direct wages.

	Actual output (units)	Normal loss	Value of scrap
Process I	950	5%	Rs. 4
Process II	840	10%	8
Process III	750	15%	10

- 18 Prepare a Cash Budget for three months, April, May, and June 2011 :

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)	Other exp. (Rs.)
2011 Feb.	90,000	66,000	4,000	6,000
March	80,000	60,000	4,000	6,000
April	96,000	88,000	6,000	7,000
May	1,00,000	60,000	5,000	8,000
June	1,20,000	70,000	6,000	7,200

Turn over

Additional information :

- 1 Customers are allowed a credit period of one month.
 - 2 Creditors allow a time-lag of two months for making payment.
 - 3 Wages of a month are paid in the next month.
 - 4 Other expenses of a month are paid in the first week of the next month.
 - 5 A machinery is to be bought for cash in May for Rs. 32,000.
 - 6 Balance of cash on 1st April 2011 is Rs. 8,000.
 - 7 All purchase and sales are on credit terms.
19. (a) Distinguish between financial accounting and cost accounting.
- (b) Explain the element-wise classification of overheads.

(2 × 4 = 8 weightage)