

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2014****Fifth Semester****Core Course 13—COST ACCOUNTING**

(Common for Model I, Model II and UGC sponsored B.Com Degree Programmes)

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.*

**Section A**

*This section consists of four bunches of four questions each.*

*Each bunch carries a weight of 1.*

*Answer all questions.*

**I. Chose the correct answer from the choices given :**

1 Cost Accounting is primarily meant for :

- (a) Reporting to the shareholders in the general meeting.
- (b) Internal reporting.
- (c) Reporting to the public to build up goodwill.
- (d) Reporting to the government agencies.

2 A high labour turnover is indicative of :

- (a) High productivity.
- (b) Good Personal management.
- (c) Higher cost of production.
- (d) Efficient training.

3 Cost of ideal time arising due to non-availability of raw materials is :

- (a) Charged to costing P and L account.
- (b) Charged to factory overhead.
- (c) Recovered by inflating the wage rate.
- (d) None of them.

4 Directors remuneration is treated as :

- (a) Factory overhead.
- (b) Administration overhead.
- (c) Selling overhead.
- (d) Distribution overhead.

**II. Fill in the blanks :**

5 Cost Unit in textile industry is a \_\_\_\_\_.

6 Direct materials + direct labour + \_\_\_\_\_ = prime cost.

Turn over

7 Purchase of materials is initiated through——.

8 Overhead is the total of——cost.

III. State whether the following are "True" or "False".

9 The stock in hand should never exceed the maximum stock level.

10 Cash discount allowed is generally included in cost accounts.

11 Fixed cost and Period cost are the same.

12 In Rowan plan, time wages are guaranteed.

IV. Match the following :

- |                       |                       |
|-----------------------|-----------------------|
| 13 Cost centre        | (a) Absorption.       |
| 14 Road Transport Co. | (b) Prime cost.       |
| 15 Machine hour rate. | (c) Allocation.       |
| 16 Direct labour.     | (d) Operating costing |
|                       | (e) Bonus.            |
|                       | (f) Binocard.         |

(4 × 1 = 4)

#### Section B

*Answer any five questions.  
Each question carries 1 weight.*

- 17 Define cost centre.
- 18 What is two bin system.
- 19 Define cost Accounting.
- 20 Define overheads.
- 21 What is normal idle time ?
- 22 Define cost unit.
- 23 What is piece rate system ?
- 24 Define re-order level.

(5 × 1 = 5)

#### Section C

*Answer any four questions.  
Each question carries 2 weight.  
Answer should not exceed half a page each.*

- 25 Explain the causes for the differences between profit as per cost accounts and financial accounts
- 26 What do you mean by ABC and VED analysis ?

- 27 What are the different stores levels ? Explain.  
 28 Distinguish between time keeping and time-booking.  
 29 Prepare a cost sheet from the following :

	Rs.
Direct materials	... 90,000
Direct Labour	... 75,000
Factory overheads	... 45,000
Profit	... 60,900
Administration overheads	... 42,000
Selling and distribution overheads	... 52,500

- 30 Find EOQ from the following particulars :

Annual usage	- 8000 units.
Cost of materials per unit	- Rs. 20
Cost of placing and receiving one order	- Rs. 80
Annual carrying cost of one unit	- 10% of cost.

(4 × 2 = 8)

#### Section D

*Answer any two questions.  
 Each question carries 4 weight.  
 Answer should not exceed four pages.*

- 31 Daily wage rate guaranteed for a worker is Rs. 1.80 and the standard output fixed for a week is 100 articles representing 100 % efficiency. The guaranteed wage rate is paid without bonus to those workers who show efficiency upto 70% of the standard. Beyond this, bonus is payable on a graded scale in the fixed ratio to the increased output as under :

Efficiency	Bonus Payable
90 %	10 %
100 %	20 %

Further increase of 1% in the bonus is given for every 1% increase in the efficiency. Calculate the total earning of workers who have worked for a week when their output was an under :

- |                 |                 |
|-----------------|-----------------|
| A 50 articles.  | B 90 articles.  |
| C 100 articles. | D 120 articles. |

Turn over

- 32 From the following information relation to the machine, Shylock, installed in a factory, calculate the machine hour rate.

Purchase price of the machine with the scrap value zero Rs.90000. Installation and incidental charges incurred on the machine Rs. 10,000.

Life of the machine is 10 years of 2000 working hours each.

Repair charges 50 % of depreciation.

Machine consumes 10 units of electric power per hour at 10 ps. per unit.

Oil expenses at Rs. 2 per day of 8 hours. Consumable stores at Rs. 10 per day of 8 hours.

Two workers are engaged on the machine at Rs. 4 per day of 8 hours.

- 33 A Company has three production departments and two service departments, and for a period the departmental distribution summary has the following totals :

Production departments :

P<sub>1</sub> Rs. 800. P<sub>2</sub> Rs. 700 and P<sub>3</sub> Rs. 500. Total Rs. 2,000.

Service departments :

S<sub>1</sub> Rs. 234 and S<sub>2</sub> Rs. 300 Total Rs. 534.

The expenses of the service department are charged out on a percentage basis as follows :

		P <sub>1</sub>	P <sub>2</sub>	P <sub>3</sub>	S <sub>1</sub>	S <sub>2</sub>
Service department. S <sub>1</sub>	...	20%	40%	30%	-	10%
Service department S <sub>2</sub>	...	40%	20%	20%	20%	-

Prepare a statement showing the apportionment of two service department expenses to production department by simultaneous equation method.

(2 × 4 = 8)