

FINAL YEAR B.Com. DEGREE EXAMINATION, SEPTEMBER 2007

Part III—Commerce

Paper XIII—COST ACCOUNTING

(New Scheme)

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer any ten questions.

Each question carries 1 mark.

1. Give any two advantages of Cost Accounting.
2. Bring out the differences between Cost Accounting and Financial Accounting.
3. What is Batch Costing ?
4. What are the objectives of material control ?
5. What is a Purchase order ?
6. What is re-ordering level ?
7. What is Time-keeping ?
8. What is abnormal idle time ?
9. What is secondary distribution of overheads ?
10. What do you mean by over-absorption of overheads ?
11. Explain the term service costing.
12. What are by-products ?

(10 × 1 = 10 marks)

Part B

Answer any ten questions.

Each question carries 4 marks.

13. Distinguish between by-products, main product and joint products.
14. What do you mean by Integrated Accounting ? Give any two advantages of Integrated Accounting.
15. Write a note on Abnormal gain. How is it accounted ?
16. Bring out the differences between a Bin card and Stores ledger.
17. Explain VED analysis.
18. What are the advantages of FIFO method ?
19. A manufacturer has to supply his customers 600 units of his product per year. Shortages are not allowed and inventory carrying cost amount to Re. 0.60 per unit per year. The set up cost per run is Rs. 80. Find EOQ.

21. From the following information, find out the amount of profit earned during the year using the marginal costing technique :—

Fixed Cost	...	25,000
Variable cost	...	Rs. 10 per unit
Selling price	...	Rs. 15 per unit
Output level	...	75,000 unit.

22. Product A requires 10 kgs. of material at the rate of Rs. 4 per kg. The actual consumption of material for the manufacturing of Product A came to 12 kgs. of material at the rate of Rs. 4.50 per kg.

Calculate :

- Material cost variance.
- Material price variance.

23. Explain material yield variance.

24. From the information given as under, find out capital gearing ratio :

	2005	2006
Equity share capital	... 5,00,000	4,00,000
Reserve and surplus	... 3,00,000	2,00,000
8 % Pref. share capital	... 2,50,000	3,00,000
6 % debenture	... 2,50,000	4,00,000

(10 × 4 = 40 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

25. From the following details, make out the Balance Sheet with as many details as possible :—

- Stock velocity ... 6
- Capital turnover rate ... 2
- Fixed asset turnover ... 4
- Gross profit turnover ratio ... 20 %
- Debtors velocity ... 2 months
- Creditor velocity ... 73 days

The gross profit was Rs. 60,000. Reserves on Surplus amounts to Rs. 20,000. Closing stock was Rs. 5,000 in excess of opening stock.

following information in respect of product A and B of a firm is given :—

	<i>Product A</i>	<i>Product B</i>
Sale price ...	Rs. 75	Rs. 48
Direct material ...	Rs. 30	Rs. 30
Direct labour hours (Rs. 50 paise per hour) ...	15 hrs.	2 hr.

Variable overhead—100 % of direct wages, Fixed overhead—Rs. 3,000.

Present the above information to show the profitability of products during labour shortage.

What are the essential characteristics of a good costing system?

Describe the essential steps of the budgetary control system.

(2 × 15 = 30 marks)