

# FOURTH SEMESTER B.Com. DEGREE EXAMINATION, MAY/JUNE 2012

(CCSS)

## BC 4B 05—COST ACCOUNTING

Time : Three Hours

Maximum : 30 Weightage

### Part A

I to III Answer all *twelve* questions. Weightage 3 and Weighted Grade Point 12.

#### I. Fill in the blanks :

- \_\_\_\_\_ is the technique of ascertaining cost.
- \_\_\_\_\_ is also known as period cost.
- \_\_\_\_\_ refers to the excess of overhead absorbed over the actual overhead.
- The term escalation clause is used in \_\_\_\_\_ costing.

#### II. Choose the correct answer :

- \_\_\_\_\_ is suitable where quality of work is more important than quantity.

- |                       |                        |
|-----------------------|------------------------|
| (a) Time rate system. | (b) Piece rate system. |
| (c) Both (a) and (b). | (d) None of these.     |

- Production budget is a \_\_\_\_\_ budget.

- |                 |                    |
|-----------------|--------------------|
| (a) Fixed.      | (b) Master.        |
| (c) Functional. | (d) None of these. |

- Carriage outward is an item of \_\_\_\_\_ overhead.

- |                     |                   |
|---------------------|-------------------|
| (a) Production.     | (b) Selling.      |
| (c) Administration. | (d) Distribution. |

- The guidance and regulation of cost of operating by executive action is called \_\_\_\_\_.

- |                        |                     |
|------------------------|---------------------|
| (a) Cost manipulation. | (b) Cost audit.     |
| (c) Cost control.      | (d) Cost reduction. |

#### III. 9. Carrying cost is also known as \_\_\_\_\_.

- |                    |                   |
|--------------------|-------------------|
| (a) Marginal cost. | (b) Holding cost. |
| (c) Normal cost.   | (d) Buying cost.  |

- The process of allotment of overhead to cost unit is called \_\_\_\_\_.

- |                          |                          |
|--------------------------|--------------------------|
| (a) Overhead allocation. | (b) Overhead absorption. |
| (c) Overhead adjustment. | (d) None of these.       |

- Cost which can be easily and clearly identified with a product is \_\_\_\_\_.

- |                    |                       |
|--------------------|-----------------------|
| (a) Imputed cost.  | (b) Direct cost.      |
| (c) Indirect cost. | (d) Opportunity cost. |

12. The incidental residue from certain type of manufacture usually of small amount value recoverable without further processing is ———.
- (a) Defective. (b) Wastage.  
(c) Spoilage. (d) Scrap.

(WGP : 3)

### Part B

*Answer all questions.  
Each question carries a weightage of 1.*

13. What is EOQ ?  
14. What is by-product ?  
15. What is retention money ?  
16. What is abnormal loss ?  
17. Define flexible budget.  
18. Define overhead.  
19. What is material usage variance ?  
20. What is operating costing ?  
21. What is time booking ?

(WGP : 9)

### Part C

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

22. Define cost accounting. What are the objectives of cost accounting ?  
23. State the differences between job costing and process costing.  
24. What are the steps involved in standard costing ?  
25. Enter the following transactions in stores ledger using FIFO method.  
    April 1   Purchased 300 units @ Rs. 10  
    April 3   Issued 120 units to production  
          6   Purchased 220 units @ Rs. 11  
    15   Issued 200 units of production  
    20   Returned to vendor 10 units purchased on 6<sup>th</sup> April  
    25   Purchased 150 units @ Rs. 12  
26. From the following particulars, calculate the earnings of a worker under :  
    (a) Halsey Plan.  
    (b) Rowan Plan.

Hourly rate of wages (guaranteed) : Re. 0.75

Standard time for producing one dozen article : 3 hours.

Actual time taken by the worker to produce 20 dozen articles : 48 hours.

27. A product passes through three distinct process M, N and O to completion. From the following information relating to Process N, prepare Process N account :

Output of Process M : 950 units @ Rs. 10	...	Rs. 9,500
Raw-materials	...	Rs. 1,980
Direct wages	...	Rs. 3,000
Normal loss	...	10%
Scrap value per unit	...	Rs. 4
Number of units produced	...	840
General chargeable expenses	...	100% of direct wages

28. From the following particulars prepare a statement of cost and profit :

	Rs.		Rs.
Direct materials	2,00,000	Factory expense	1,20,000
Prime cost	4,10,000	Office expenses	90,000
10% of the output is in stock		Total Sales	6,50,000
			(WGP : $5 \times 2 \times 4 = 40$ )

### Part D

Answer any two questions.  
Each question carries a weightage of 4.

29. A firm of building contractors began to trade on April 2010. The following was the expenditure on a contract for Rs. 3,00,000.

Materials issued to contract Rs. 51,000. Plant used for contract Rs. 15,000. Wages incurred Rs. 81,000. Other expenses incurred Rs. 5,000. Cash received on account to 31st March 2011 amounted to Rs. 1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost Rs. 3,000 and materials which cost Rs. 2,500 were lost. On 31st March, 2011 plant and materials costing Rs. 2,300 were returned to stores, the cost of work done but uncertified was Rs. 1,000 and materials costing Rs. 2,300 were in hand on site.

Charge 15% depreciation on plant, and take to the Profit and Loss account  $\frac{2}{3}$  of the profit received. Prepare a Contract account and Contractee's account.

30. From the following particulars compute the machine hour rate for a machine for the month of April 2010 :

	Per annum (Rs)
Rent and rates ( $\frac{1}{4}$ th space occupied by the machine)	24,000
Lighting (10 workers are working in the department, and out of them 4 are working on this machine)	3,000
Supervisor's salary ( $\frac{1}{3}$ rd of time is devoted to the machine)	36,000
Insurance	1,000
Lubricants, Cotton waste, etc. for the machine	600

The cost of the machine is Rs. 1,60,000 and it has a scrap value of Rs. 1,000 after the life time of 10 years. The machine works 20,000 hours during its life time. The estimated repair charged during life time is Rs. 15,000. The machine consumed 4 units of power per hour at the rate of Rs.2 per unit.

31. Define budgetary control. Explain the pre requisites for the successful implementation of budgetary control system.

(WGP :  $2 \times 4 \times 4 = 32$ )