

## FOURTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2013

(CCSS)

Commerce

BC 4B05—COST ACCOUNTING

(2010 admissions)

Time : Three Hours

Maximum : 30 Weightage

## Part A

I to III Answer all 12 questions.

Weightage 3 and Weighted Grade Point 12.

## I. Fill in the blanks :

- 1 \_\_\_\_\_ costs are partly fixed and partly variable.
- 2 The cost of abnormal idle time is charged to \_\_\_\_\_.
- 3 \_\_\_\_\_ is the most suitable method of costing for a transport company.
- 4 \_\_\_\_\_ is the formula for calculating E.O.Q.

## II. Choose the correct answer :

- 5 Under process costing the output of last process is transferred to \_\_\_\_\_.  
 (a) W.I.P a/c. (b) Opening stock a/c.  
 (c) Finished stock a/c. (d) Closing stock a/c.
- 6 \_\_\_\_\_ method gives better results during a period of falling prices.  
 (a) LIFO. (b) FIFO.  
 (c) Simple average. (d) None of these.
- 7 Under which method of costing the production is according to customer's order ?  
 (a) Process costing. (b) Multiple costing.  
 (c) Job costing. (d) Uniform costing.
- 8 The value of benefit sacrificed in favour of an alternative course of action is known as \_\_\_\_\_.  
 (a) Sunk cost. (b) Marginal cost.  
 (c) Notional cost. (d) Opportunity cost.

## III. 9 When the actual overhead incurred is more than the overhead absorbed, it is called \_\_\_\_\_.

- (a) Over absorption. (b) Under absorption.  
 (c) Under allocation. (d) None of these.

Turn over



- 10 \_\_\_\_\_ is most suitable when quality of work is of prime importance.  
 (a) Piece rate. (b) Average rate.  
 (c) Time rate. (d) Taylor's piece-rate.
- 11 \_\_\_\_\_ is used for control of spare parts.  
 (a) ABC analysis. (b) VED analysis.  
 (c) Perpetual inventory. (d) E.O.Q.
- 12 \_\_\_\_\_ is a summary of all budgets.  
 (a) Functional budget. (b) Financial budget.  
 (c) Master budget. (d) Flexible budget.

(WGP 3 × 4 =

### Part B

*Answer all questions.*

*Each question carries a weightage of 1.*

- 13 What is standard cost ?
- 14 Define perpetual inventory system.
- 15 How would you calculate the earnings of a worker under Rowan Plan ?
- 16 What is escalation clause in contract costing ?
- 17 What is time keeping ?
- 18 What is labour rate variance ?
- 19 What do you mean by zero base budgeting ?
- 20 What is operating costing ?
- 21 What is a budget manual ?

(WGP 9 × 4 =

### Part C

*Answer any five questions.*

*Each question carries a weightage of 2.*

- 22 How do you ascertain the profit on incomplete contract ?
- 23 Explain the ABC analysis.
- 24 It is estimated that a product requires 50 units of material at Rs. 3 per unit. The actual consumption of material came to 60 units at Rs. 2.80 per unit :  
 Calculate :
- (a) Material Cost Variance.  
 (b) Material Price Variance.  
 (c) Material Usage Variance.



25 From the following particulars calculate Machine Hour Rate :—

Cost of Machine	
Estimated scrap value	... Rs. 16,000
Estimated life of machine	... Rs. 1,000
Working hours for four weeks	... 1000 hours
Repairs and maintenance charges for a month	... 160 hours
Standing charges attributed to the machine for a month	... Rs. 120
Power used by machine at 85 paise per hour.	... Rs. 40

26 From the following data for the last 12 months, compute stock levels of Material A :

Maximum usage in a month	... 300 units
Minimum usage in a month	... 200 units
Average usage in a month	... 225 units
Reordering quantity	... 750 units

Lead time :

Maximum-6 months ; Minimum-2 months.

27 Prepare a flexible budget at 80 % and 100 % capacity levels on the basis of the following information :—

Raw materials cost per unit (Rs.)	... 80
Direct Labour cost per unit (Rs.)	... 60
Expenses (direct) per unit (Rs.)	... 20
Factory expenses	... Rs. 50,000 (50 % variable)
Administrative expenses	... Rs. 60,000 (60 % variable)
Production at 50 % capacity is 5,000 units.	

28 The following data had been extracted from the books of a contractor for the year ended 31st March 2010 :—

	Rs.
Contract price	... 10,00,000
Materials purchased	... 4,80,000
Direct labour	... 3,60,000
Direct charges	... 15,000
Establishment charges	... 10,000
Materials transferred to other contract	... 5,000
Plant purchased at commencement	... 40,000
Value of plant on 31st March 2010	... 30,000

The contract is completed on 31st March 2010. Prepare contract account.

(WGP 5 × 2 × 4 = 40)



## Part D

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

- 29 A product is finally obtained after it passes through three distinct processes. The following information is available from the cost records :

	Process I	Process II	Process III	Total
Materials (Rs.) ...	2,600	2,000	1,025	5,625
Direct Wages (Rs.) ...	2,250	3,680	1,400	7,330
Production overheads ...	—	—	—	7,330

500 units at Rs. 4 per unit were introduced in Process 1. Production overheads are absorbed as a percentage of direct wages. The actual output and normal loss of the respective processes are as follows :

	Output (units)	Normal loss	Value of scrap per unit
Process I ...	450	10 % of input	Rs. 2
Process II ...	340	20 % of input	Rs. 4
Process III ...	270	25 % of input	Rs. 5

Prepare the process accounts and abnormal gain/loss accounts.

- 30 The following information has been obtained from the cost records of a company for 6 months during which 100 units are produced and all the units are sold at Rs. 3,000 per unit :

	Rs.
Opening stock of materials ...	18,000
Stock of material after 6 months ...	21,000
Purchase of materials ...	1,62,000
Carriage paid on purchase ...	3,000
Depreciation on plant ...	6,000
Repairs on plant ...	2,000
Factory rent, lighting and insurance ...	7,000
Indirect materials used ...	11,000
Indirect labour ...	9,000
Direct labour ...	28,000
Depreciation on furniture ...	3,000
Printing and Stationery ...	1,500
Office salary and allowances ...	14,500
Warehouse rent ...	2,400
Advertising ...	2,000
Salesmen's salary ...	2,600

Prepare a cost sheet showing all the details.

- 31 Define overhead. Explain various classifications of overhead.