

FOURTH SEMESTER B.Com. DEGREE (UG—CCSS) [SUPPLEMENTARY/
IMPROVEMENT] EXAMINATION, MAY 2016

(SDE)

Core Course

BC 4B 05—COST ACCOUNTING

Time : Two Hours and Forty-Five Minutes

Maximum : 27 Weightage

Part B*Answers only in English.*

SECTION A

I. Answer all *nine* questions in one or two sentences each. Each question carries a weightage of 1 :

- 1 Define Costing.
- 2 What is a fixed cost ?
- 3 Define cost centre.
- 4 What do you mean by normal cost ?
- 5 What is a Bin card ?
- 6 What do you mean by idle time ?
- 7 What do you mean by flexible budget ?
- 8 Define budgetary control.
- 9 What do you mean by analysis of variance ?

(9 × 1 = 9 weightage)

SECTION B

II. Answer any *five* questions in not exceeding *one page* each. Each question carries a weightage of 2 :

- 10 Differentiate Financial Accounting and Cost Accounting.
- 11 Discuss about the classification of cost.
- 12 Examine various classification of overhead.

13 In respect to material X, the following information is available :

Annual demand is 3500 units.

Cost /unit is Rs. 3.60

Ordering cost /orders is Rs. 5

Storage cost is 3% per annum.

Rate of interest is 10% per annum

Lead time is $\frac{1}{2}$ month.

Find out the value of EOQ.

14 You are requested to ascertain the earnings of the workers on the basis of Merrick differential piece rate system :

Normal price : Rs. 10 per unit.

Standard production : 120 units per day.

In an 8 hour day :

X produced 90 units.

Y produced 100 units.

Z produced 132 units.

15 In the production process, 2 components X and Y are used in the following manner :

Normal usage : 50 units each per week.

Minimum usage : 25 units each per week.

Maximum usage : 75 units each per week.

Reorder quantity : X = 400 units, Y = 600 units.

Reorder period : X = 4 to 6 weeks, Y = 2 to 4 weeks.

Emergency supply time : X = 2 weeks, Y = 1 week.

Calculate :

(a) Reorder level.

(b) Minimum level ; and

(c) Average stock level.

16 The following items relate to a machine installed in the production department of a factory :

- Power consumed by the machine, 10 units per hour at 40 paise.
- Cost of repair and maintenance for a year Rs. 3,000.
- General overhead apportioned to the machine Rs. 4,000 per year.
- One attendant controlled the operations of the machine as well as another machine of the same type. He is paid wages of Rs. 2,000 per month.
- The original cost of the machine was Rs. 1,00,000 with an estimated scrap value of Rs. 20,000 at the end of 10th year.
- The estimated working hours were 5,100 hours for the year. The machine is shut down for 100 hours for annual maintenance.

You are required to calculate the machine hour rate for the machine.

(5 × 2 = 10 weightage)

SECTION C

Answer any *two* questions in not exceeding *four* pages. Each question carries a weightage of 4 :

17 Sony constructions Ltd. started on January 1st, 2007 a contract for a contract price of Rs. 50,00,000 during the year 2007.

The following is the Trial Balance of the company as on 31st December 2007.

<i>Trial Balance</i>	Dr.	Cr.
Share capital-in shares of Rs. 10 each		10,00,000
Land and buildings	4,00,000	
Contractee's account (cash received being 75% of work certified)		22,50,000
Bank balance	40,000	
Creditors		30,000
Contract account :		
Materials	11,00,000	
Labour	12,00,000	
Direct Expenses	1,10,000	
Overhead charges	80,000	
Plant	3,50,000	
	32,80,000	32,80,000

On 31st December, 2007 the cost of work done but not certified was Rs. 1,65,000. Plant is valued at Rs. 2,55,000 and unused materials at site are valued at Rs. 5,000. Materials of the cost of Rs. 15,000 were lost by fire at site.

Prepare Contract account and Balance Sheet as on 31st December 2007.

Turn over

- 18 The following information has been obtained from the cost records of Modern Works Ltd. for three months ending 31st March, 2014 during which 100 units are produced and all the units are sold at Rs. 300 per unit.

Raw materials :

	Rs.
Stock on 1 st January 2014 ...	18,000
Stock on 31 st March 2014 ...	21,000
Materials purchased ...	1,62,000
Carriages paid on purchases ...	3,000
Depreciation on plant ...	6,000
Repairs to plant ...	2,000
Factory rent, taxes and insurance ...	7,000
Indirect materials ...	11,000
Indirect labor ...	9,000
Direct labor ...	28,000
Depreciation on furniture ...	3,000
Printing and stationary ...	1,500
Office salaries and allowances ...	14,500
Warehouse rent ...	2,400
Advertising ...	2,000
Salesmen's salary and communication ...	2,600

You are required to prepare statement showing the following information :

- (a) Prime cost ; (b) Works cost ; (c) Cost of production ; (d) Cost of sales ; (e) Total cost ; and
(f) Profit.
- 19 Examine the importance and principles of costing accounting.

(2 × 4 = 8 weightage)