

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2019

(CUCBCSS—UG)

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

Choose the correct answer :

1. Basic object of cost accounting is :
 - (a) Tax compliance.
 - (b) Financial audit.
 - (c) Cost ascertainment.
 - (d) Profit analysis.
2. Process costing is suitable for :
 - (a) Hospitals.
 - (b) Oil reefing firms.
 - (c) Transport firms.
 - (d) Brick laying firms.
3. Cost classification can be done in :
 - (a) Two ways.
 - (b) Three ways.
 - (c) Four ways.
 - (d) Several ways.
4. The cost which is to be incurred even when a business unit is closed is a :
 - (a) Imputed cost.
 - (b) Historical cost.
 - (c) Sunk cost.
 - (d) Shutdown cost.
5. Direct expenses are also called :
 - (a) Major expenses.
 - (b) Chargeable expenses.
 - (c) Overhead expenses.
 - (d) Sundry expenses.

Fill in the blanks :

6. Indirect material used in production is classified as _____.
7. Warehouse rent is a part of _____.

Turn over

8. Indirect material scrap is adjusted along with _____.
9. Tender is an estimation of _____.
10. Total of all direct costs is termed as _____ cost.

(10 × 1 = 10 marks)

Part B

*Answer any eight questions from the following.
Each question carries 2 marks.*

11. What is Profit Centre ?
12. Define Inventory.
13. What is Direct labour ?
14. What is Time Study ?
15. List out any *three* components of Factory Overhead.
16. What is fixed overhead ?
17. What is Purchase order ?
18. What is specific order costing ?
19. What is Budget ?
20. What is flexible budget ?

(8 × 2 = 16 marks)

Part C

*Answer any six questions from the following.
Each question carries 4 marks.*

21. Explain the advantages of Perpetual Inventory System.
22. Define Contract Costing. What are its features ?
23. What are the advantages of budgeting ?
24. At the beginning of October 2011, Quality Brush Company had in stock 10,000 brushes valued at Rs. 10 each. Further purchases were made during the month as follows :

7 th October	...	4,000 brushes @ Rs. 12.50
14 th October	...	6,000 brushes @ Rs. 15.00
24 th October	...	8,000 brushes @ Rs. 16.50

Issues to shop floor were as follows :

16 th October	...	16,000 brushes.
28 th October	...	10,000 brushes.

You are required to prepare a Stores Ledger Card for the month of October on the assumption that materials were issued on the First-in-First-out principle.

25. A worker is allowed 60 hours time for completion of the job and the hourly rate is Rs. 4. The actual time taken by the worker is 40 hours. Calculate the wages of worker under Halsey Plan.
26. XYZ Ltd. introduced 10,000 units in the process out of which 8,000 units are completed and 2,000 units are in progress on which labour and overhead cost is incurred only 50 %. The following costs are incurred during the period :

	Rs.
Material	... 40,000
Labour and overhead cost	... 27,000

Calculate the equivalent production and cost of finished products and work in progress.

27. The expenses for the production of 5000 units in a factory are given as follows :

	Per Unit Rs.
Materials	... 50
Labour	... 20
Variable overheads	... 15
Fixed overheads (Rs. 50,000)	... 10
Administrative expenses (5 % variable)	... 10
Selling expenses (20 % fixed)	... 6
Distribution expenses (10% fixed)	... 5
<i>Total cost of sales per unit</i>	... 116

You are required to prepare a budget for the production of 7,000 units.

28. PQR Tubes Ltd. are the manufacturers of panels of TV. The following are the details of their operations during 2010-11 :

Ordering Cost	Rs. 100 per order
Inventory Carrying Cost	20 % p.a.
Cost of panel	Rs. 500 per panel
Normal usage	100 panel per week
Minimum usage	50 panel per week
Maximum usage	200 panel per week
Lead time to supply	6-8 weeks.

Required :

- (i) Re-order level.
- (ii) Maximum level of stock.
- (iii) Minimum level of stock.

(6 × 4 = 24 marks)
Turn over

Part D

Answer any two questions from the following.
Each question carries 15 marks.

29. Define Cost Accounting. Distinguish between Cost Accounting and Financial Accounting.
30. Work out in cost sheet from the unit cost of production per ton of special paper, manufactured by a paper mill in June 2011 from the following data :

Direct materials :

Paper pulp	...	500 tons @ Rs. 50 per ton.
Other materials	...	100 tons @ Rs. 30 per ton.

Direct labour :

80 skilled men	...	@ Rs. 3 per day for 25 days.
40 unskilled men	...	@ Rs. 2 per day for 25 days.

Direct expenses :

Special equipments	...	Rs. 3,000.
Special dyes	...	Rs. 1,000

Works overhead :

Variable @ 100 % ; and

Fixed @ 60% on direct wages .

Administrative overhead @ 15 % on works cost.

Selling and Distribution overheads @ 15 % on works cost.

400 tons of special paper was manufactured and Rs. 800 was realized by the sale of waste material during the course of manufacture. The scrap value of the special equipment after utilization in manufacture is nil.

31. A product is finished in three stages I, II and III :

At the first stage, a quantity of 72,000 kg. was delivered at a cost of Rs. 2.50 per kg. The entire material was consumed. The production particulars along with the allocated expenses were as indicated in the table below :

State		Input (kg.)	Output (kg.)	Direct Wages (Rs.)	Fixed Overhead (%)	Variable Overhead (%)
I	...	72,000	67,680	7,500	150	200
II	...	65,000	60,125	12,000	125	150
III	...	55,600	50,000	14,500	200	250

(on direct wages)

The producer, as was his usual practice, assessed his cost at Rs. 6.77 per kg. based on his input expenditure and the finished output. With a selling price of Rs. 7.50 per kg., he estimated his profit at Rs. 36,500. If you do not approve of his assessment of the end results of the operation, convince his of the real results in a tabular form. You should assume the normal wastage as only 5 % on input at each stage and any excess wastage should not be allowed to inflate the cost of end product.

(2 × 15 = 30 marks)