

**FOURTH SEMESTER B.Com. DEGREE EXAMINATION
APRIL 2017**

(CUCBCSS-UG)

Core Course

BCM 4B 05—COST ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.***A. Choose the correct answer :**

1. In contract costing uncertified work is valued at what price?
 - (a) Cost + profit.
 - (b) Market.
 - (c) Cost.
 - (d) Contract.
2. Which one of the following is concerned with Pareto's law?
 - (a) VED.
 - (b) ABC.
 - (c) JIT.
 - (d) FSND.
3. If a company alternatively uses the LIFO and FIFO inventory methods, which accounting principle does it violate?
 - (a) Materiality.
 - (b) Cost principle.
 - (c) Consistency.
 - (d) No principle of accountancy.
4. Drawing office salary is an item of _____ overhead.
 - (a) Administration.
 - (b) Selling.
 - (c) Factory.
 - (d) Distribution.
5. Which one of the following is a service department?
 - (a) Refining.
 - (b) Production.
 - (c) Finishing.
 - (d) Receiving.

B. Fill in the blanks :

6. _____ budget is based on cost-benefit analysis.
7. Under _____ method, a new issue is determined after each purchase.
8. _____ means allotment of whole items of cost to cost centres.
9. Time taken for a job is _____.
10. No price of contracts is fixed in case of _____ contracts.

(10 × 1 = 10 marks)

Turn over

Part B (Short Answer Questions)*Answer any eight questions.**Each question carries 2 marks.*

11. Distinguish between Costing and Cost Accounting.
12. What is danger level?
13. What is meant by functional budget?
14. What do you mean by direct expenses?
15. What is retention money?
16. State any *three* advantages of piece rate system?
17. Distinguish between joint product and by-product.
18. What is batch costing?
19. What is a stores ledger?
20. What is idle time?

 $(8 \times 2 = 16 \text{ marks})$ **Part C (Short Essay Questions)***Answer any six questions.**Each question carries 4 marks.*

21. How will you treat scrap in cost accounts?
22. What is time keeping? Discuss the various methods of time keeping.
23. What is master budget? What are its components?
24. What is meant by perpetual inventory system? State its advantages.
25. Calculate Re-order level, Maximum level and Minimum level from the following particulars :

Normal usage	–	60 units per week.
Minimum usage	–	40 units per week.
Maximum usage	–	80 units per week.
Re-order period	–	4 to 6 weeks.
Re-order quantity	–	400 units.
26. From the following details calculate the earnings of a worker under Halsey premium bonus plan :

Hourly rate of wages	–	Re. 0.75.
Standard time for producing 1 dozen articles	–	3 Hours.
Actual time taken for producing 20 dozen article	–	48 Hours.

27. Ahalya Printers Ltd., ended with the following Profit and Loss during the year 2012 :

(Figures in Lakhs)

Sales		35.58
Less Expenses		
Raw material	7.42	
Stores	4.48	
Expenses	20.40	
Interest	2.00	
Depreciation	2.00	36.30
Loss for the year		0.72

The printers had been working at 60% capacity during the year 2012. Of the expenses Rs. 20.40 lakh, 25% is variable. In 2013, production and sales at 80% is expected to be achieved. Fixed cost, however, is expected to increase by Rs. 1.20 lakh.

Prepare the budget for the year 2013.

28. The cost account of Neelagiri Ltd. the following information for the month of 31st March 2012 :

	Rs.
Stock of raw materials on 1-4-2011	... 50,000.00
Stock of raw materials on 31-3-2012	... 55,000.00
Stock of finished goods on 1-4-2011	... 36,000.00
Stock of finished goods on 31-3-2012	... 35,000.00
Purchase of raw materials	... 46,000.00
Work in progress on 1-4-2011	... 18,000.00
Work in progress on 31-3-2012	... 20,600.00
Sale of furnished goods	... 1,70,000.00
Productive wages	... 37,100.00
Work expenses	... 17,800.00
Office and administrative expenses	... 14,600.00
Selling and distribution expenses	... 9,700.00
Sale of scrap	... 1,500.00

Prepare a Cost Sheet, showing all the details.

(6 × 4 = 24 marks)

Turn over

Part D (Essay Questions)*Answer any two questions.**Each question carries 15 marks.*

29. Define EOQ. Explain the purchase procedure in detail.
30. Product 'X' of Gemplast Ltd. passes through two processes – A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from process A and B, realises Rs. 80 per tonne and Rs. 200 per tonne respectively. The following are the figures relating to both the processes :

	Process A	Process B
Materials in tonne	1,000	70
Cost of material per tonne (Rs.)	125	200
Wages (Rs.)	28,000	10,000
Manufacturing expenses	8,000	5,250
Output in tonne	830	780

Prepare the process cost accounts showing the cost per tonne of each process. There was no stock or work-in-progress in any process.

31. Hi-tech builders engaged on two contracts. The following informations are obtained at the year end on 31st December 2010 :

	Contract A April 1 Rs.	Contract B September 1 Rs.
Contract price	6,00,000.00	5,00,000.00
Materials issued	1,60,000.00	60,000.00
Materials returned	4,000.00	2,000.00
Materials at site (Dec. 31)	22,000.00	8,000.00
Direct labour	1,50,000.00	42,000.00
Direct expenses	66,000.00	35,000.00
Establishment Expenses	25,000.00	7,000.00
Plant installed at site	80,000.00	70,000.00
Value of plant (Dec. 31)	65,000.00	64,000.00
Cost of contract not yet certified	23,000.00	10,000.00
Value of contract certified	4,20,000.00	1,35,000.00
Cash received from contractees	3,78,000.00	1,25,000.00
Architect's fees	2,000.00	1,000.00

Materials transformed from contract A to contract B were Rs. 9,000 during the period. You are required to prepare (a) Contract account ; (b) Contractee's account.

(2 × 15 = 30 marks)