C 5108 (Pages : 4) Name..................................

Reg. No..............................

FOURTH SEMESTER B.Com. DEGREE (SUPPLEMENTARY/IMPROVEMENT) EXAMINATION, MAY 2016

(UG—CCSS)

Core Course

BC 4B 05—COST ACCOUNTING

(2010 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

I. Answer the following :

1 The technique and process of ascertaining cost.

(a) Costing. (b) Cost accounting.

(c) Cost accountancy. (d) Cost unit.

2 The cost incurred in the past and has no effect on future decision making.

(a) Opportunity cost. (b) Sunk cost.

(c) Conversion cost. (d) Historical Cost.

3 The expenses incurred for the placement of purchase order.

(a) Carrying cost. (b) Purchase cost.

(c) Ordering cost. (d) Sunk cost.

4 Time for which the employer pays, but derives no benefit from the worker.

(a) Time keeping. (b) Time booking.

(c) Idle time. (d) Direct labour.

5 The expenses which are incurred for the overall management of the concern.

(a) Production overhead. (b) Works overhead.

(c) Administrative overhead. (d) Selling and Distribution overhead.

6 Factory overhead is usually estimated on the basis of :

(a) Prime cost. (b) Direct Labour.

(c) Factory cost. (d) Office cost.

7 Profit on incomplete contract.

(a) Profit and Loss account. (b) Gross profit.

(c) Net profit. (d) Notional profit.

Turn over

8 Incidental residue from manufacture with recoverable value.

(a) Scrap. (b) Spoilage.

(c) Defective. (d) Loss.

Match the following :

9 Benefit sacrificed	—	Process Costing.
10 Fringe benefits	—	Idle time.
11 Advertisement	—	Opportunity cost.
12 Abnormal Gain	—	Medical facilities.
	—	Selling overhead.

(12 × ¼ = 3 weightage)

II. Answer *all* questions :

13 Define a Profit centre.

14 What do you mean by perpetual inventory system ?

15 What is time booking ?

16 Explain the term Machine Hour Rate.

17 What is EBQ ?

18 What is escalation clause ?

19 What do you mean by Composite unit ?

20 What is Variance Analysis ?

21 Define Master Budget.

(9 × 1 = 9 weightage)

III. Answer any *five* questions :

22 What are the Objectives of Cost Accounting ?

23 Explain the term ABC analysis.

24 What are the rules for crediting profit on incomplete contracts ?

25 What is Zero Base Budgeting ? Mention the advantages of it.

26 The standard quantity of material and standard price per kg. of material required for the production of one unit of product P is as follows :

Material	—	5 kg.
Standard price	—	Rs. 15 per kg.

The actual production and related material data are as follows :

Product P	—	400 units.
Materials used	—	2,200 kg .
Price of materials	—	Rs. 14.40.

Calculate Material Cost Variance, Usage Variance and Price Variance.

27 Calculate the total earnings of three workmen under the Halsey and Rowan plans ; the bonus under Halsey plan is 50% of the time saved.

Standard time — 20 hours

Hourly rate of wages Rs. 4

Time taken by A-16 hours ; B-10 hours ; C-8 hours

28 900 units were introduced from process X to Y at a cost of Rs. 60 per unit. The expenses of the process were - Labour Rs. 12,000, Materials Rs. 3,240 and overhead at 50% of labour. Normal wastage expected in the process was 10% of the units introduced to the process with a scrap value of Rs. 8 per unit. The actual output of the process Y was 820 units to be transferred to the Process Z. Prepare Process Y Account, Abnormal gain account and Normal Wastages account.

(5 × 2 = 10 weightage)

IV. Answer any *two* :

29 A company has three production departments and two service departments, and for a period the departmental distribution summary has the following totals :

Production Departments : A - Rs.80,000 ; B - Rs. 40,000 ; and C - Rs. 20,000

Service Departments : X - Rs. 20,000 and Y - Rs. 10,000

Expenses of service departments are to be allocated as follows :

	A	B	C	X	Y
X	20%	30%	40%	—	10%
Y	20%	25%	50%	5%	—

Work out the final overhead cost of each of the production departments including re-apportioned cost of service centers using simultaneous equation method.

30 From the following information prepare a cost sheet of Glaxo Ltd. showing the cost of production and profit per unit.

Units produced	—	100
Units sold	—	80
Direct materials consumed	—	Rs. 400 per unit
Direct labour hours worked	—	1000
Hourly rate of labour	—	Rs. 10
Factory overheads	—	Rs. 5 per labour hour
Office overhead	—	10% of works cost
Selling overhead	—	Rs. 15 per unit sold
Margin of profit	—	20% on selling price

31 Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity.

	Capacity levels		
	70%	80%	90%
	Rs.	Rs.	Rs.
Variable overheads :			
Indirect labour	-----	12,000	-----
Stores including spares	-----	4,000	-----
Semi-variable overheads :			
Power (30% fixed, 70% variable)	-----	20,000	-----
Repairs and maintenance (60% fixed)	-----	2,000	-----
Fixed overheads :			
Depreciation	-----	11,000	-----
Insurance	-----	3,000	-----
Salaries	-----	10,000	-----
Total Overheads	-----	62,000	-----
Estimates direct labour hours	-----	1,24,000	-----

(2 × 4 = 8 weightage)