

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2018**(CUCBCSS—UG)****BCM 4B 05—COST ACCOUNTING****Time : Three Hours****Maximum : 80 Marks****Part A***Answer all questions.**Each question carries 1 mark.***I. Choose the correct answer :****1 Which one of the following is not part of factory overhead ?**

- (a) Lubricants. (b) Maintenance expense of delivery van.
(c) Salary of foreman. (d) Depreciation on plant.

2 Time keeping means :

- (a) Time taken by workers on each job.
(b) Time of exit minus time of entry.
(c) Analysis of time spent by workers in operations or jobs.
(d) None of the above.

3 The value of closing stock approximates to the market value under :

- (a) FIFO. (b) LIFO.
(c) HIFO. (d) NIFO.

4 A cost which does not involve any actual cash outlay is known by the name :

- (a) Sunk cost. (b) Notional cost.
(c) Out of pocket cost. (d) Discretionary cost.

5 Notional loss arising from a contract is transferred to :

- (a) WIP Reserve. (b) Contractee's account.
(c) Costing P/L account. (d) None.

Turn over

II. Fill in the blanks :

- 6 Process costing is a _____ of costing.
- 7 _____ is a cost which remains constant for all levels of activity in total.
- 8 Simultaneous equation method is used for redistribution of service department overhead to production departments, when service department provide _____ services.
- 9 Abnormal effectiveness is _____ in process account.
- 10 The inventory level at which purchase actions needs to be initiated is _____.

(10 × 1 = 10 marks)

Part B

*Answer any **eight** questions.*

Each question carries 2 marks.

- 11 List out the limitations of standard costing.
- 12 Distinguish between standing charges and operating charges.
- 13 What are the main features of process costing ?
- 14 What do you mean by extra work ? How do you treat the same in contract accounts ?
- 15 What is VED Analysis of material control ?
- 16 What do you mean by differential piece wage system ?
- 17 What do you mean by Chargeable Expenses ?
- 18 What do you mean by Machine Hour Rate ?
- 19 How do you calculate Prime Cost ?
- 20 Give any *four* methods of reallocating service department overhead to production departments.

(8 × 2 = 16 marks)

Part C

*Answer any **six** questions.*

Each question carries 4 marks.

- 21 What are cost plus contracts ? What are the advantages available with it ?
- 22 Describe the managerial use of Standard Costing.
- 23 What do you mean by abnormal effectiveness ? How it is calculated in Process accounts ?

Part D

*Answer any two questions.
Each question carries 15 marks.*

- 29 Discuss about role of budgetary control and standard costing as the major control techniques used in cost accounting.
- 30 From the following particulars, you are required to prepare a Cost Sheet :

		Rs.
Productive wages	...	50,000
Raw materials	...	35,000
Administrative expenses	...	10,000
Direct Expenses	...	7,500
Light and water	...	2,500
Depreciation	...	1,500
Factory Rent	...	2,000
Indirect labour	...	25,000
Factory repairs	...	2,500
Selling and distribution OH	...	4,000
Sales	...	1,50,000

- 31 A company has three production departments and two service departments. The distribution summary of overhead is as follows :

Production Departments :

		Rs.
A	...	13,600
B	...	14,700
C	...	12,700

Service Departments :

		Rs.
X	...	9,000
Y	...	3,000

The expenses of service departments are charged on a percentage basis which is as follows :

	A	B	C	X	Y
Department X	40 %	30 %	20 %	--	10 %
Department Y	30 %	30 %	20 %	20 %	--

Apportion the cost of service departments using simultaneous equation method.

(2 × 15 = 30 marks)