

**FOURTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, APRIL 2019**

(CUCBCSS—UG)

B.Com.

BCM 4B 05—COST ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

- 1 Basic objective of cost accounting is \_\_\_\_\_.  
(a) Cost audit. (c) Financial audit.  
(b) Cost ascertainment. (d) Profit ascertainment.
- 2 \_\_\_\_\_ is suitable for Oil Refinery firms.  
(a) Batch costing. (c) Contract costing.  
(b) Differential costing. (d) Process costing.
- 3 \_\_\_\_\_ is the cost which is incurred even when a business unit is closed.  
(a) Sunk cost. (c) Historical cost.  
(b) Shut down cost. (d) Imputed cost.
- 4 Appropriate basis for apportionment of material handling charges is \_\_\_\_\_.  
(a) Material consumed. (c) Material wasted.  
(b) Materials in stock. (d) Material purchased.
- 5 Discarded material substances having no value is called \_\_\_\_\_.  
(a) Scrap. (c) Waste.  
(b) Defectives. (d) Spoilage.

**Turn over**

## II. Fill in the blanks :

- 6 The basis for the payment of cash by contractee under contract is \_\_\_\_\_.
- 7 The stores keeper should initiate a purchase requisition when stock reaches \_\_\_\_\_ level.
- 8 The time spent by workers off their work is \_\_\_\_\_.
- 9 \_\_\_\_\_ cost per unit remains constant.
- 10 \_\_\_\_\_ is a budget designed to finish budgeted cost for any level of activity actually allowed.

(10 × 1 = 10 marks)

**Part B**

*Answer any **eight** questions.*

*Each question carries 2 marks.*

- 11 State the limitations of financial accounting.
- 12 Give the names of four cost centres in an organisation.
- 13 What is Bin Card ?
- 14 Why overstocking of material should be avoided ?
- 15 Distinguish between time booking and time keeping ?
- 16 What do you mean by incentives ?
- 17 What do you mean by under absorption of overhead ?
- 18 What is overhead allocation ?
- 19 What is zero based budgeting ?
- 20 What do you mean by machine hour rate ?

(8 × 2 = 16 marks)

**Part C**

*Answer any **six** questions.*

*Each question carries 4 marks.*

- 21 List the merits and demerits of cost accounting.
- 22 Outline the steps in the purchasing procedure of material till it reaches the stores.
- 23 What is budgetary control ? State the objectives of budgetary control.
- 24 The standard material required to manufacture one unit of product P is 10 kgs and the standard price per kg. of material is Rs. 25. The cost accounts records, however, reveal that 11,500 kgs. of materials costing Rs. 2,76,000 were used for manufacturing 1000 units of product P. Calculate material variances.

- 25 Delhi Transport Company is running four busses between two towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. Actual passengers carried were 75% of seating capacity. All the four buses ran on all the days of the month April 2018. Each bus made one round trip per day. Calculate total kms and total passenger kms for the month.
- 26 Rate per hour Rs. 1.5 per hour  
Time allowed for job 20 hours  
Time taken 15 hours
- Calculate the total earnings of the worker under Halsey Plan. Also find out effective rate of earning.
- 27 About 50 items are required every day for a machine. A fixed cost of Rs. 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Rs. 0.02 per day. The lead period is 32 days. Compute :
- (a) EOQ.  
(b) Re-order level.
- 28 Differentiate between flexible budget and fixed budget.

(6 × 4 = 24 marks)

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

- 29 The product of company passes through 3 distinct process to completion. They are A, B and C. From past experience it is ascertained that loss is incurred in each process are :

Process A-2%,      Process B-5%,      Process C-10%.

In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs. 5 per 100 units and that of process C at Rs. 20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process C into stock.

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Material consumed	6,000	4,000	2,000
Direct labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

**Turn over**

20,000 units have been issued to process A at a cost of Rs. 10,000. The output of each process has been as under.

Process A : 19,500 ;      Process B : 18,800 ;      Process C : 16,000

There is no working progress in any process. Prepare Process accounts.

- 30 A company has three production departments and two service departments. Departmental distribution summary has the following totals :

Production Departments :      P1—Rs. 800 ;      P2—Rs. 700 ;      P3—Rs. 500

Service Departments :      S1—Rs. 234      S2—Rs. 300

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

	P1	P2	P3	S1	S2
Service Department. S1	20	40	30	-	10
Service Department. S2	40	20	20	20	-

Prepare a statement showing apportionment of two service departments' expenses to production departments by simultaneous equation methods.

- 31 Explain the importance of cost accounting as a managerial tool.

(2 × 15 = 30 marks)