

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2013**Fifth Semester****Core Course 13—COST ACCOUNTING**

(Common for Model I Model II and UGC Sponsored B.Com. Degree Programmes)

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.***Section A***Answer all questions.**Each bunch of four questions carries a weight of 1.***I. Choose the correct answer from the choices given :**

1 Cost unit is used for :

- (a) Cost control. (b) Cost reduction.
(c) Resources foregone. (d) Ascertainment of cost.

2. Process costing is suitable for :

- (a) Civil engineering construction. (b) Brick making.
(c) Oil refineries. (d) Printing.

3 Economic order quantity refers to :

- (a) The quality of materials to be ordered at a time.
(b) The quantity of materials to be used economically.
(c) The quantity of materials to be maintained.
(d) The quantity of materials to be recorded.

4 Labour turnover represents :

- (a) The strength of the labour in a firm.
(b) The change in the labour force.
(c) The efficiency the labour force.
(d) The cost of labour incurred in a specified period.

II. Fill in the blanks :

- 5 The payment of idle time arises only when workers are paid on _____.
6 Variable costs vary in total but remain _____ per unit.
7 Re-order level = _____ × maximum lead time.
8 Cost accounting is one of the sub-divisions of _____.

Turn over

III. State whether the following statements are true or false :

- 9 The item "Dividend paid" is included both in financial accounts and in cost accounts.
- 10 The stores ledger is maintained by the cost accounting department.
- 11 The main purpose of time-keeping is to ensure punctuality.
- 12 Fixed overhead cost is a committed cost.

IV. Match the following :—

- | | |
|---|--------------------------------|
| 13. Unit cost | (a). Works manager. |
| 14. Power and fuel | (b). Product cost. |
| 15. A change in the composition of labour | (c). Stores manager. |
| 16. Purchase requisition. | (d). Factory cost |
| | (e). Labour turnover |
| | (f). Single operation costing. |

(4 × 1 = 4)

Section B:

Answer any five questions.

Each question carries a weight of 1.

17. Mention any *two* advantages of centralised purchasing.
18. What is meant by scrap ?
19. What do you mean by the term "cost" ?
20. Define indirect labour.
21. Explain Rowan Plans.
22. Define Chargeable expenses.
23. Define "unit costing".
24. What is responsibility centre ?

(5 × 1 = 5)

Section C

Answer any four questions.

Each question carries a weight of 2.

Answer should not exceed half a page each.

25. Mention any *five* differences between Cost Accounting and Financial Accounting.
26. Describe in brief the primary apportionment of overheads.
27. What do you understand by differential piece rate ?
28. Mention any *five* responsibilities of the stores department.

29 Following is the information relating to a type of material :

Annual demand	2400 units
Unit price	Rs. 2.40
Ordering cost per order	Rs. 4.00
Storage cost	2 % p.a
Interest rate	10% p.a
Lead time	½ month

Calculate EOQ and total inventory cost.

30 The following information has been obtained from the costing records of Excel Ltd. for the month of April 2012.

	On 1 st April 2012	On 30 th April 2012
	Rs.	Rs.
Cost of materials	... 15,000 ...	18,000
Cost of work in progress	... 7,000 ...	6,000
Cost of finished stock	... 28,000 ...	34,000
Productive wages	...	38,000
Manufacturing overheads	...	18,000
Office expenses	...	12,000
Purchase of raw materials	...	1,20,000
Selling and distribution expenses	...	8,000
Sales	...	2,20,000

Prepare a Cost Sheet showing Total Cost and Profit for the period.

(4 × 2 = 8)

Section D

Answer any two questions.

Each question carries a weight of 4.

31 From the following details, write up stores Ledger Account under FIFO and LIFO methods

January 1	Opening balance 100 units at Rs. 5 each.
January 5	Received 500 units at Rs. 6.
January 7	Issued 300 units.
January 9	Issued 100 units.
January 12	Received 500 units at Rs. 5.
January 14	Received 400 units at Rs. 5.50.
January 20	Issued 350 units.
January 24	Issued 150 units.

Turn over

January 27 Received 250 units at 5.75

January 31 Issued 200 units.

The stock verifier found a shortage of 10 units on 16 January and another shortage of 15 units on 26 January.

- 32 The audited final accounts showed a profit of Rs. 61,000 whereas costing records showed a profit of Rs. 73,400. From the following additional information, you are required to reconcile the two accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH

	Rs.		Rs.
To opening stock ...	10,10,000	By sales ...	14,20,000
Purchases ...	3,50,000	closing stock ...	3,60,000
Direct wages ...	1,60,000		
Factory overheads ...	90,000		
Gross profit ...	1,70,000		
	<u>17,80,000</u>		<u>17,80,000</u>
Administration expenses ...	40,600	Gross profit ...	1,70,000
Selling expenses ...	49,000	Interest received ...	2,000
Distribution expenses ...	22,400	Dividend received ...	1,000
Net profit ...	61,000		
	<u>1,73,000</u>		<u>1,73,000</u>

The cost accounts showed the following :

- (1) The stock balance of Rs. 3,70,000
- (2) Direct wages absorbed Rs. 1,65,000
- (3) Factory overheads absorbed Rs. 84,000
- (4) Administration expenses charged at 3% of sales value.
- (5) Selling expenses charged at 3% of sales value.

- 33 From the following particulars, calculate the earnings of workers X and Y for a day under (a) straight piece rate system ; (b) Taylor's differential piece rate system.

Standard production 10 units per hour.

Normal time rate Rs. 5 per hour.

Differentials to be applied :

80% of piece rate below standard

120% of piece rate at or above standard.

Hours of the day 8

Output of X 75 units.

Output of Y 100 units.

(2 × 4 = 8)