



Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, January 2015  
(Career Related First Degree Programme Under CBCSS)  
Group 2(b) Commerce with Computer Application  
Core Course – IX : CC – 1343 : COST ACCOUNTING**

Time : 3 Hours

Max. Weight : 30

**SECTION – A**

This Section consists of **four** bunches of **four** questions **each**. Each bunch carries a **weightage** of 1. Answer **all** questions.

I. Choose the most appropriate answer from the following :

- 1) Ascertainment of standard costs and the analysis of variance is
  - a) Marginal costing
  - b) Uniform costing
  - c) Standard costing
  - d) None of these
- 2) Cost that tends to vary in accordance with level of activity is
  - a) Fixed cost
  - b) Semi-variable cost
  - c) Variable cost
  - d) None of these
- 3) Record indicating the level of each particular item of stock at any point of time is
  - a) Stores ledger
  - b) Bin card
  - c) Material note
  - d) None of these

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- 4) In a situation of rising prices, production cost is understated in
- a) LIFO
  - b) FIFO
  - c) Average cost method
  - d) Base stock method
- II. 5) Loss of customer goodwill is a
- a) Ordering cost
  - b) Stock out cost
  - c) Carrying cost
  - d) None of these
- 6) Recording of time of arrival and departure of the workers at the factory gate is
- a) Time booking
  - b) Time keeping
  - c) Time series
  - d) None of these
- 7) Machine or job setting up time is
- a) Idle time
  - b) Overtime
  - c) Normal idle time
  - d) Abnormal idle time
- 8) Process by which cost items are charged direct to a cost unit or cost centre is
- a) Cost allocation
  - b) Cost apportionment
  - c) Cost reduction
  - d) None of these
- III. Fill in the blanks choosing suitable words from those given :
- 9) Total of prime cost + factory overhead is \_\_\_\_\_
- a) Cost of production
  - b) Works cost
  - c) Cost of sales
  - d) None of these



- 10) Costs incurred in relation to the temporary closing of a division/department is \_\_\_\_\_
- a) Out of pocket costs
  - b) Shut down costs
  - c) Short run costs
  - d) Common costs
- 11) Cost that tends to be unaffected by changes in the level of activity during a given period is \_\_\_\_\_
- a) Variable cost
  - b) Fixed cost
  - c) Semi fixed cost
  - d) Semi variable cost
- 12) Worker engaged for a short period on temporary basis and paid on daily basis is \_\_\_\_\_
- a) Out worker
  - b) Casual worker
  - c) Overtime worker
  - d) Indirect worker

IV. Match the following :

- | A                 | B                                    |
|-------------------|--------------------------------------|
| 13) ABC analysis  | a) Between minimum and maximum level |
| 14) Carrying cost | b) Labour turnover measurement       |
| 15) Reorder level | c) Leave with pay                    |
| 16) Flux rate     | d) Technique of costing              |
|                   | e) Holding cost                      |
|                   | f) Inventory management              |
- (4×1=4 Wt.)

SECTION – B

Answer eight questions. Each question carries a weightage of 1.

- 17) What is unit cost ?
- 18) Define cost accounting.
- 19) Explain batch costing.
- 20) What is semi-variable cost ?



- 21) What is purchase requisition note ?
- 22) Explain LIFO method of material issue.
- 23) What do you mean by spoilage ?
- 24) Give any two ordering costs with regard to inventory.
- 25) Give the formulae for reorder level.
- 26) Give the formulae for calculating remuneration under Rowan plan.
- 27) List any two unavoidable causes for labour turnover.
- 28) What do you mean by cost apportionment ?

(8×1=8 Wt.)

## SECTION – C

Answer any five questions. Each question carries a weightage of 2.

- 29) Explain FNSD approach in inventory management.
- 30) Differentiate between cost control and cost reduction.
- 31) What are the demerits of piece rate system of remunerating labour ?
- 32) Calculate machine hour rate from the following :

Cost of machine	Rs. 8,000
Cost of installation	Rs. 2,000
Scrap value after 10 yrs.	Rs. 2,000
Rates and rent for a quarter for the shop	Rs. 300
General lighting	Rs. 20 per month
Shop supervisor's salary	Rs. 600 per quarter
Insurance premium for a machine	Rs. 60 per annum
Estimated repairs	Rs. 100 per annum



Power 2 units per hour @ Rs. 5 per 100 units.

Estimated working hours per annum 2000

The machine occupies 1/4 of the total area of the shop.

The Supervisor is expected to devote 1/6<sup>th</sup> of his time for supervising the machine. General expenses are to be apportioned on the basis of floor area.

- 33) Calculate EOQ from the following information. Also calculate the number of orders to be placed in a year.

Annual consumption	10000 kg
Cost of placing an order	Rs. 50
Cost per kg of material	Rs. 2
Storage cost	8% on average inventory

- 34) Prepare a stores ledger account under FIFO method. Stock on 1-4-2011 100 units at Rs. 5 per unit.

Purchases		Issues	
5-4-2011	300 units at Rs. 6	6-4-2011	250 units
8-4-2011	500 units at Rs. 7	10-4-2011	400 units
12-4-2011	600 units at Rs. 8	14-4-2011	500 units

- 35) The standard time for a job is 10 hours. Actual hours taken are 8. Wage rate per hour is Rs. 5. Calculate earnings and effective rate of earnings per hour under Halsey plan.

- 36) From the following data, find out the labour turnover rate by  
a) Replacement method                      b) Separation method

Number of workers on the payroll

At the beginning of the month – 500. At the end of the month – 600.

During the month, 5 workers left, 20 persons were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving, while the rest were engaged for an expansion scheme. (5x2=10 Wt.)



## SECTION – D

Answer any two questions. Each question carries a weightage of 4.

- 37) The net profit of Navaratna Ltd., appeared at Rs. 60,652 as per financial records for the year ending 31<sup>st</sup> March 2010. The cost books, however, showed a net profit of 86, 200 for the same period. Prepare a Reconciliation Statement using the following details.

	Rs.
Works overhead under recovered in costs	1,560
Administrative overheads over recovered in costs	850
Depreciation charged in financial accounts	5,600
Depreciation recovered in costs	6,250
Interest on investment not included in costs	4,000
Loss due to obsolescence charged in financial accounts	2,850
Income tax provided in financial accounts	20,150
Bank interest and transfer fee in financial books	375
Stores adjustment (credit in financial books)	237
Value of opening stock in cost accounts	24,800
Value of opening stock in financial accounts	26,300
Value of closing stock in cost accounts	25,000
Value of closing stock in financial accounts	25,000
Goodwill written off	5,000
Interest charged in cost accounts	2,000
Loss on sale of furniture	600

38) The accounts of a machine manufacturing co. disclose the following information for the six months ending 31-12-2010.

	Rs.
Material used	1,50,000
Productive wages	1,20,000
Factory overhead expenses	24,000
Establishment and general expenses	17,640

Prepare the cost sheet of the machines and calculate the price which the Co. should quote for the manufacture of a machine requiring materials valued at Rs. 1,250 and expenditure in productive wages of Rs. 750, so that the price may yield a profit of 20% on the selling price.

39) Explain the similarities and differences between financial accounting and cost accounting. (2×4=8 Wt.)

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