

C 2100

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Name.....

Reg. No.....

**FOURTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION, APRIL 2021**

B.Com.

BCM 4B 05—COST ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.  
Each question carries 1 mark.*

Choose the correct answer :

1. Cost Accounting is concerned with \_\_\_\_\_.
  - a) Financial Analysis.
  - b) Ascertainment of Profit.
  - c) Cost Ascertainment and Control.
  - d) Tax Audit.
2. Cost incurred due to machine breakdown is \_\_\_\_\_.
  - a) Normal Cost.
  - b) Abnormal Cost.
  - c) Office Cost.
  - d) Direct Cost.
3. \_\_\_\_\_ is the statement of account of stock prepared by the Store Keeper.
  - a) Stores Ledger.
  - b) Cost Sheet.
  - c) Pay-roll.
  - d) Bincard.
4. Which of the following is not a Direct Cost ?
  - a) Material.
  - b) Supervisor Salary.
  - c) Labour.
  - d) All of these.
5. \_\_\_\_\_ in contracts entitles a contractor to suitably enhance the contract price if the cost rises beyond a given level.
  - a) Escalation Clause.
  - b) De-escalation Clause.
  - c) Notional Cost.
  - d) Sub-contract Cost.

Fill in the blanks :

6. \_\_\_\_\_ is the ideal order quantity that a company should purchase to minimize inventory costs.
7. The process of recording the time actually spent by a worker on various jobs is \_\_\_\_\_.
8. Direct Redistribution Method is used for \_\_\_\_\_ of overheads.

**Turn over**

9. ZBB in cost control stands for \_\_\_\_\_.
10. \_\_\_\_\_ is the cost of running a machine per hour.

(10 × 1 = 10 marks)

**Part B**

*Answer any eight questions.  
Each question carries 2 marks.*

11. What is "Sunk Cost" ?
12. What is "JIT" in inventory control ?
13. Differentiate between allocation and apportionment of overheads.
14. What do you mean by "Unit Costing" ?
15. What is a "Job Card" ?
16. State the bases for the apportionment of : (a) Depreciation ; and (b) Canteen Expenses.
17. Give any two differences between LIFO and FIFO methods of inventory valuation.
18. Define "Standard Costing".
19. What is "Master Budget" ?
20. What is "GRN" ?

(8 × 2 = 16 marks)

**Part C**

*Answer any six questions.  
Each question carries 4 marks.*

21. Differentiate between Cost Accounting and Financial Accounting.
22. Give a brief note on different types of budgets.
23. Explain the functions of Costing.
24. State the procedure for ascertaining profit on incomplete contracts.
25. From the following details compute EOQ :

Annual consumption	...	6,000 units
Cost of ordering	...	₹ 60
Carrying costs	...	₹ 2

26. Movement of stores of Yes Company for the month June 2021 is given below :

2021	June 1	Opening Balance 600 units at ₹ 6 per unit
	June 3	Purchased 700 units at ₹ 6.10 per unit
	June 6	Purchased 500 units at ₹ 6.05 per unit

2021	June 7	Issued 750 units
	June 10	Purchased 400 units at ₹ 6.15 per unit
	June 19	Issued 1100 units
	June 30	Purchased 900 units at ₹ 6.20 per unit
	June 24	Issued 600 units

Prepare Stores Ledger assuming the stores are issued under FIFO method.

27. From the following cost details of production and sales of 4000 units, prepare a budget for production and sale of 2000 and 6000 units :

Material	..	₹ 1,20,000
Labour	..	₹ 80,000
Other Direct Expenses	..	₹ 40,000
Works Overhead	..	₹ 60,000 (30% Fixed)
Administrative Expenses	..	₹ 50,000 (80% Fixed)
Selling and Distribution Overheads	..	₹ 20,000 (60% Variable)
Sales	..	₹ 4,00,000

28. From the following details relating to Contract A, prepare Contract Account in the book of the contractor :

Material purchased	...	₹ 50,000
Material in hand at the end	...	₹ 2,500
Labour	...	₹ 70,000
Direct Expenses	...	₹ 30,000
Overheads	...	₹ 10,000
Plant purchased	...	₹ 20,000

The contract commenced on 1<sup>st</sup> April 2019 and completed on 31<sup>st</sup> March 2020. The contract price is ₹ 1,50,000 duly received on completion. Provide 20% depreciation on Plant.

(6 × 4 = 24 marks)

**Part D**

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

29. Define Cost Accounting. State the scope and importance of Cost Accounting.
30. A machine was purchased on January 1, 2020 for ₹ 4 lakhs. The total cost of all machines inclusive of the new machinery was ₹ 60 lakhs. The following further particulars are available :

Expected life of the machine	..	10 years
Scrape value at the end of 10 years	..	₹ 10,000
Repairs and maintenance for the machine during the year	..	₹ 3,000
Annual insurance premium for all machines	..	₹ 6,000
Electricity consumption for the machine per hour (80 paise per unit)	..	30 units
Rent per month of the whole department	..	₹ 1,200
Lighting charges for the whole department	..	₹ 120 per month

Total number of light points in the department is 20 out of which 3 light points used for the machine. Area occupied by whole machines is 2500 sq. ft. out of which 250 sq. ft. occupied by the machine.

Compute the Machine Hour Rate for the machine.

31. A company's product passes through three distinctive processes : Process X, Process Y and Process Z. The output of each process passes immediately to the next process and the finished units will be obtained from Process Z. 30000 units have been issued to Process X at a cost of ₹ 15000. Cost and other details of each process are given below :

Details	Process X	Process Y	Process Z
Materials Consumed	₹ 9,000	₹ 6,000	₹ 3,000
Direct Labour	₹ 12,000	₹ 9,000	₹ 4,500
Manufacturing Expenses	₹ 1,500	₹ 1,500	₹ 2,250
Normal Loss	2%	5%	10%
Actual Output Obtained	29300	28000	24900

There is no work-in-progress in any process. The losses of Process X and Y are sold at ₹ 10 per 100 units and that of Process Z at ₹ 25 per 100 units.

Prepare Process Accounts. Calculations should be made to the nearest rupee.

(2 × 15 = 30 marks)