

E 8667

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Reg. No.....

Name.....

**B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2019**

**Third Semester**

B.A. Corporate Economics

Core Course—COST ACCOUNTING

(2013 to 2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Section A**

*Answer all questions.*

*Each question carries 1 mark.*

1. What is cost unit ?
2. Define profit centre.
3. What are notional costs ? Give two examples.
4. What is meant by ABC analysis ?
5. Define direct labour.
6. Give two limitations of Rowan plan.
7. What is distribution overheads ?
8. Define job costing.
9. Explain the meaning of cost plus contract.
10. Give two advantages of process costing.

(10 × 1 = 10)

**Section B**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. What are the objectives of cost accounting ?
12. State the difference between a Stores Requisition and a Bill of materials.
13. What is abnormal idle time ?
14. Give a classification of overheads with regard to behaviour of expenditure.
15. Explain the meaning of "work costs" and "works on costs".
16. Explain Escalation clause.
17. What is Retention money ? Why is it kept by the contractee ?
18. Distinguish between job costing and process costing.

**Turn over**



19. Calculate EOQ from the following :—

- (a) Consumption during the year 600 units.
- (b) Ordering cost Rs. 12 per order.
- (c) Carrying cost 20 %.
- (d) Price per unit Rs. 20.

20. The following relate to a component X :

- Normal usage 50 units per week.
- Minimum usage 25 units per week.
- Maximum usage 75 units per week.
- Re-order quantity 300 units
- Re-order period 4 to 6 weeks.

Calculate (i) Maximum stock levels ; (ii) Minimum stock levels.

21. Calculate work costs from the following :—

- Materials consumed—Rs. 45,000
- Labour—Rs. 30,000
- Direct expenses—Rs. 5,000
- Factory overheads—20 % of direct labour.

22. Calculate the total earnings of a worker if overtime payment is 80 % more than the normal wage rate :

- Normal working hours per work 50 hours.
- Actual hours worked 56 hours
- Normal wage rater per hour Rs. 8.

(8 × 2 = 16)

### Section C

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

- 23. Define cost centre. Give the names of cost centres in an organisation.
- 24. List down the objectives of material control.
- 25. What is machine-hour rate ? Explain.
- 26. What is cost sheet ? Explain its preparation.
- 27. What do you mean by uncertified work in a contract ? How do you treat it in accounts ?
- 28. A factory follows job costing. The following cost data are obtained from its books for the year ending 31st Dec. 2018 :

Direct materials—Rs. 90,000, Direct wages—Rs. 75,000, Profit—Rs. 60,000, Selling and distribution expenses—Rs. 52,500, Administration overheads—42,000, Factory overhead—Rs.45,000.

Prepare a job cost sheet and find out overhead recovery rate and percentage of Profit on sales.



29. Calculate the Machine-hour rate from the following :—
- Cost of machine—Rs. 19,200.
  - Estimated scrap value—Rs. 1,200
  - Average repairs and maintenance per month—Rs. 150
  - Standing charges allocated to machine per month—Rs. 50.
  - Effective working hours—10000 hours
  - Running time per month—166 hours
  - Power used by machine—5 units per hour @ 19 paise per unit.
30. Calculate the earnings of workers A and B under straight piece-rate system and Taylors Differential Piece-rate system from the following particulars :
- Normal rate per hour—Rs. 3.60
  - Standard time per unit—30 seconds.
- Differentials to be applied :
- 80 % of piece-rate below standard.
  - 120 % of piece-rate at above standard.
- Worker A produce 800 units per day and worker B produces 1000 units per day.
31. Calculate the earnings of workers X, Y and Z under Merrick's multiple piece-rate system from the following particulars :
- Normal rate per hour—Rs. 18
  - Standard time per unit—1 minute
  - Output per day is as follows :
- Worker X 384 units
  - " Y 450 units
  - " Z 552 units
- Working hours per day are 8.

(6 × 4 = 24)

### Section D

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

32. State and explain the main differences between Cost Accounting and Financial Accounting.
33. The following balances were extracted from the books of Muthu Construction Private Ltd. on 31.3.2017 :
- Materials issued to site—Rs. 65,700
  - Materials purchased directly—Rs. 3,000
  - Wages paid—Rs. 72,500

**Turn over**



Wages outstanding on 31.3.2016—Rs. 2,000  
 Wages outstanding on 31.3.2017—Rs. 1,000  
 Plant on 31.3.2016—Rs. 16,000  
 Plant on 31.3.2017—Rs.12,800  
 Direct charges paid—Rs. 2,750  
 Establishment charges—Rs. 6,400  
 Stock of materials at site on 31.3.2017—7,200  
 Value of work certified—Rs. 1,60,000  
 Work done but not certified—Rs. 8,000  
 Cash yet to be received—Rs. 16,000  
 Contract price was—Rs. 2,00,000

Prepare contract account, making provisions as you think are desirable.

34. A product passes through processes A and B. From the given data prepare process account :

		Process A	Process B
Materials (tons)	...	3,000	175
Cost of materials per ton	...	Rs. 30	50
Wages	...	Rs. 10,000	26,000
Works overheads	...	Rs. 12,000	8,000
Direct charges	...	Rs. 5,750	6,375
Loss in weight (% on input)	...	10 %	10 %
Scrap (defective) (% on input)	...	12½ %	15 %
Scrap is sold (per ton)	...	Rs. 35	60

35. The following transactions occurred in purchase and issue of material in an organisation during October 2018 :

Receipts	Qty (unit)	Rate (Rs.)	Issued	Qty (unit)
4-10-2018	200	24 per unit	5-10-2018	250
10-10-2018	150	23 per unit	12-10-2018	200
18-10-2018	100	24 per unit	15-10-2018	250
22-10-2018	100	23.50 per unit		

The stock on 1-10-18 was 250 units at Rs. 23.75 per unit.

Prepare the stores ledger under FIFO and LIFO method.

(2 × 15 = 30)