Reg. No. : ....

Code No. : 10095 E **Sub. Code : SMCO 52**

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021.

Fifth Semester

Commerce — Main

COST ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer ALL questions.

Choose the correct answer :

1. The basic objectives of cost accounting is

   (a) tax compliance

   (b) financial audit

   (c) cost ascertainment

   (d) profit analysis

2. Direct expenses are also called

(a) major expenses

(b) chargeable expenses

(c) overhead expenses

(d) sundry expenses

3. Process costing is suitable for

(a) hospitals (b) oil refining

(c) transport firms (d) brick laying firms

4. Cost of abnormal loss is shown in

(a) Balance sheet

(b) Profit and Loss Account Debit Side

(c) Profit and Loss Account Credit Side

(d) Abnormal loss or Abnormal Gain in the Ledger

5. Marginal costing is a _____________ costing.

(a) Process (b) Technique

(c) Method (d) Both (b) and (c)

6. Which cost per unit decreases when production increases?

(a) Fixed asset (b) Semi-variable cost

(c) Variable cost (d) Total cost

7. Budgetary control system facilitates centralized control with

   (a) Decentralized activity

   (b) Centralized activity

   (c) Both

   (d) None of the above

8. Budgetary control facilitates easy introduction of the ____________

   (a) Marginal costing (b) Ratio analysis

   (c) Standard costing (d) Subjective matter

9. Standard costing committee is responsible for

   (a) Computation of variances

   (b) Linking the deviations with responsibilities

   (c) Setting all types of standards

   (d) All of the above

10. Standard costs are better than historical costs because

   (a) Determination of standard costs is economical in terms of money as well as time

   (b) They facilitate delegation of responsibility

   (c) They help in timely action against extravagances

   (d) All of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Compute the prime cost :

	Rs.
Direct materials used	82,000
Production wages	17,000
Royalty paid	11,000
Hire charge of special machines for the job	13,000

Or

(b) Compute the amount of office overhead.

	Rs.
Office Salaries	10,000
Stationery	5,000
Audit fees	2,000
Advertising	9,000
Depreciation of office fittings	3,000

12. (a) From the following particulars, prepare process 'A' Account showing cost per ton of output:

Material (tons)	: 1,000
Cost of material per ton	: Rs. 125
Wages	: Rs. 28,000
Manufacturing expenses	: Rs. 8,000
Output (tons)	: 830

Normally 5% of the weight is lost in the process and 10% is scrap which realizes Rs. 80 per ton. There was no stock or work-in-progress.

Or

(b) State the objectives of process costing.

13. (a) Sales Rs. 15,000 ; Variable cost Rs. 7,500; Fixed cost Rs. 4,500.

Calculate P/V ratio and BEP.

Or

(b) From the following data, Calculate P/V ratio and Margin of safety. Sales Rs. 20,000; Variable expenses Rs.10,000; Fixed expenses Rs. 6,000.

14. (a) Prepare a production budget from the following information :

Product	Opening stock	Est. Sales	Closing stock
	Units	Units	Units
P	2,000	10,000	3,000
Q	3,000	15,000	5,000
R	4,000	13,000	3,000
S	3,000	12,000	2,000

Or

(b) List out the objectives of budgetary control.

15. (a) Calculate the material mix variance from the following :

Material	Standard	Actual
A	90 units at Rs. 12 each	100 units at Rs. 12 each
B	60 units at Rs. 15 each	50 units at Rs. 16 each

Or

(b) Bring out the advantages of standard costing.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Discuss the different types of cost accounting?

Or

(b) A manufacturer presents the following details about various expenses incurred by him.

	Rs.
Raw materials consumed	70,000
Carriage inwards	2,000
Factory rent	2,400
Bad debts	440
Printing and stationery	620
Legal expenses	350
Carriage outwards	1,540
Indiect materials	560
Power	4,600

	Rs.
Depreciation of furniture	160
Postage expenses	465
Repairs of plant and machinery	1,200
Salesmen's expenses	3,400
Advertising	500
Direct wages	85,000
General Manager's salary	36,000
Factory Manager's salary	18,000
Depreciation on plant and machinery	1,240
Audit fees	350

Classify the above expenses under the various elements of cost showing separately the total expenditure under each element.

17. (a) A product passes through three processes A, B, and C to its completion. During December 2018, 5,000 units of finished product were produced and the following expenses were incurred :

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Materials	5,000	10,000	5,000
Direct wages	25,000	20,000	15,000
Direct expenses	2,500	3,000	5,000

Indirect expense amounted to Rs. 30,000 which are to be apportioned to the processes on the basis of direct wages. Raw materials worth Rs. 30,000 were issued to Process A. Ignore the question of process stocks and prepare the process accounts, showing cost per unit in each process.

Or

(b) Calculate the cost of each process and total cost of production from the date given below :

	Process I	Process II	Process III
	Rs.	Rs.	Rs.
Material	2,250	750	300
Wages	1,200	3,000	900
Direct expenses	500	500	500
Works overhead	1,890	2,500	1,875

Other indirect expenses of Rs. 1,275 should be apportioned on the basis of wages.

18. (a) From the following information relating to Sun Ltd., you are required to find out

(i) P/V Ratio

(ii) Break even point

(iii) Profit

(iv) Margin of safety

Total fixed costs	Rs. 4,500
Total variable cost	Rs. 7,500
Total sales	Rs. 15,000

Or

(b) From the following figures, calculate :

(i) Break Even Point

(ii) Margin of safety and

(iii) Sales to earn a profit of Rs.1,20,000

	Rs.
Sales	6,00,000
Variable costs	3,75,000
Fixed costs	1,80,000

19. (a) Prepare a cash budget from April to June :

	Sales	Purchases	Expenses
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

50% of the credit sales is collected in the month following and the remaining in the second month. Credit purchases are paid in the next month. Cash at bank on 1st April Rs. 25,000.

Or

(b) The expenses for the production of 5,000 units in a factory are given as follows :

	Rs.
Materials	50
Labour	20
Variable overhead	15
Fixed variable (Rs. 50,000)	10
Administrative expenses (5% variable)	10

	Rs.
Selling expenses (20% fixed)	6
Distribution expenses (10% fixed)	5
Total cost per unit	116

You are required to prepare a budget for the production of 7,000 units.

20. (a) From the data given below calculate :

(i) Material cost variance

(ii) Material price variance

(iii) Material usage variance.

Particulars	Standard qty (units)	Standard price (units)	Actual qty (units)	Actual price
A	1,050	2	1,100	2.25
B	1,500	3.25	1,400	3.50
C	2,100	3.50	2,000	3.75

Or

(b) Calculate labour cost and rate variance from the following data :

Standard hours : 80

Rate Rs. 6 per hour

Actual hours 100

Rate Rs. 8 per hour