

Reg. No. :

Code No. : 20432 E Sub. Code : JMCO 52

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2018.

Fifth Semester

Commerce — Main

COST ACCOUNTING

(For those who joined in July 2016 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following is generally the most important element of cost
 - (a) Material
 - (b) Labour
 - (c) Expenses
 - (d) Overhead

	Standard	Actual
Labour hours	5,000	6,000
Wage rate per hour	Rs. 4	Rs. 3.50

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2. The most important purpose of cost accounting system is to
- (a) Help in the valuation of inventory
 - (b) Earn extra profits
 - (c) Provide information to management for decision makeup
 - (d) None of the above
3. Operating costing is also known as
- (a) Process costing
 - (b) Service costing
 - (c) Marginal costing
 - (d) Incremental costing
4. Abnormal process loss should be transferred to
- (a) Profit and loss a/c
 - (b) Abnormal loss a/c
 - (c) Costing and loss a/c
 - (d) Process a/c
5. The following cost varies in proportion to productivity
- (a) Office cost
 - (b) Fixed cost
 - (c) Variable cost
 - (d) Installation cost

6. Contribution margin is also known as
- (a) Marginal income
 - (b) Gross profit
 - (c) Net income
 - (d) Fixed cost
7. The difference between fixed and variable cost has very importance in the preparation of
- (a) Fixed budget
 - (b) Flexible budget
 - (c) Master budget
 - (d) Cash budget
8. The first step in preparing a budget is
- (a) Cash forecast
 - (b) Production forecast
 - (c) Sales forecast
 - (d) Working capital forecast
9. _____ is predetermined cost
- (a) Historical cost
 - (b) Batch cost
 - (c) Marginal cost
 - (d) Standard cost
10. Material usage variance = (Standard usage - Actual usage) ×
- (a) Standard price
 - (b) Actual price
 - (c) Standard quantity
 - (d) Actual quantity



PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Define cost accounting. Explain the objectives of cost accounting.

Or

- (b) Explain the different classification of costs.

12. (a) Describe the main features of process costing.

Or

- (b) From the following data calculate the cost per mile of a vehicle.

Value of vehicle Rs. 1,00,000; rent per year Rs. 1,200. Insurance charges Rs. 400 p.a.; road tax Rs. 500 p.a. drivers wages per month Rs. 600; cost of petrol per litre Rs. 6.40 tyre maintenance per mile 0.80

Estimated life 1,50,000 miles

Miles per litre of petrol Rs. 8

Estimated annual mileage 6,000.

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13. (a) Define marginal cost. What are its uses?

Or

- (b) On the basis of the following details, compute P/V ratio BEP and margin of safety.

Sales Rs. 2,00,000; variable expenses Rs. 1,20,000 fixed expenses Rs. 50,000; net profit Rs. 30,000.

14. (a) Define budget. List out the different types of budgets.

Or

- (b) From the following information prepare a production budget for 3 months ending 31.3.2017.

Product	1.1.17 Stock (Units)	31.12.2017 Stock (Units)	31.12.2017 Sales (Units)
A	8,000	12,000	40,000
B	12,000	10,000	50,000
C	16,000	8,000	60,000
D	12,000	6,000	70,000

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15. (a) What are the advantages of standard costing?

Or

- (b) From the following details calculate material cost variance material price variance, material usage variance.

	Standard	Actual
Quantity	400 Kgs	460 Kgs
Price	Rs. 2 per Kg	Rs. 1.5 per Kg
Value	Rs. 800	Rs. 690

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain the merits and demerits of cost accounting.

Or

- (b) Prepare a cost sheet from the following data for the year 2017.

Sales Rs. 2,75,000; purchase of materials Rs. 1,10,000; direct labour Rs. 65,000; factory overhead 60% of wages; selling expenses 10% of sales; office expenses 5% on sales.

	31.12.2016	31.12.2017
Raw material	3,000	4,000
Work in progress	4,000	6,000
Finished stock	7,000	8,000

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17. (a) State the advantages and disadvantages of operating costing.

Or

- (b) A product passes through three process A, B and C. The normal loss of each process is as follows.

Process A = 3%, process B = 5% and process C = 8%. loss of process A was sold at 25 paise per unit that of B at 50 paise per unit and kept of C at Rs. 1 per unit. 10,000 units were introduced to process A at Rs. 1 per unit. The other expenses were as follows.

	Process		
	A	B	C
Materials	Rs. 1,000	1,500	500
Labour	Rs. 5,000	8,000	6,500
Direct expenses	Rs. 1,050	1,188	2,009
Actual out put (units)	9,500	9,100	8,100

Prepare process accounts.

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18. (a) You are given the following information in respect of a company.

	Rs.
Fixed cost	13,000
Variable cost	14,000
Net profit	3,000
Net sales	30,000

Find out :

- The break even point.
- The profit for sales volume 4,50,000.
- The volume of sales to make a profit of Rs. 10,000.

Or

- (b) Explain the various applications of marginal costing.

19. (a) Prepare a cash budget for the month and April, May and June 2017.

Month	Credit sales (Rs.)	Credit Purchase (Rs.)	Wages (Rs.)
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 credit sales are realised in the month following sales and the remaining 50% in the second month following.

- Creditors and wages are paid in the month following month of purchase.

- Cash at bank 1.4.2017 Rs. 25000.

Or

- (b) What do you mean by budgetary control? Explain the merits and demerits of budgetary control.

20. (a) Distinguish between standard costing and budgeting control.

Or

- (b) From the following calculate.

- Labour cost variance.
- Labour rate variance.
- Labour efficiency variance.
- Ideal time variance.

