

COURSE: B.COM. (H.)
SEMESTER - IV
PAPER: COST ACCOUNTING

Internal Test

TIME : 25 Minutes

Q.1 The following is the summarized information relating to contract during the year 18-19:Rs.

Contract Price 9,00,000

Wages paid 2,50,000

General Expenses 12,000

Material 1,80,000

Cash Received (80% of work certified) 3,60,000

Plant purchase on 01.10.18 60,000

Materials at site c/d 15,000

Prepaid wages as on 31.03.19 4,000

Outstanding general expenses as on 31.03.19 900

Depreciate plant @ 10% p.a.

Included in the above information are wages Rs. 5250, Materials Rs. 6000

and other expenses Rs.3750 which were incurred since certification.

You are required to prepare :

- (1) Contract A/c ,
- (2) Contractee A/c,
- (3) Extract of Balance Sheet
&
- (4) Calculate the amount of profit which should reasonably be transferred to Profit
& Loss A/c. Show all workings clearly.

Q.2 Distinguish between

- (a) Direct cost and Indirect cost

(b) Purchase requisition and Material requisition
B.Com (Hons.) CONTRACT COSTING
BATCH – II TIME : 25 Minutes

Q.1 M/s ABCD construction undertook a contract. The relevant data for the year ended 31st March, 2019 are as under:

(Rs 000)

Contract price 17,100 Material issued at site 7,700 Direct wages paid 3,400 Site office expenses 500 Plant issued 400 Material return to store 175 Work certified 12,650 Work Uncertified 225 Progress payment received 10,120 Material at site as on 31.03.2019 110 Plant at site on 31.03.2019 360

Additional Information:.

Material costing Rs. 1,30,000 was destroyed by fire.

You are required to prepare :

- (5) Contract A/c ,
- (6) Contractee A/c,
- (7) Extract of Balance Sheet
&
- (8) Calculate the amount of profit which should reasonably be transferred to Profit & Loss A/c. Show all workings clearly.

Q.2 Distinguish between

- (a) Fixed cost and Variable cost
- (b) Bin Card and Stores Ledgers

ASSINGMENTS

SET – I

1. What is 'Idle Time'? How it is treated in cost accounts. (2,3)
2. Discuss the effect of rising prices on FIFO and LIFO method of pricing of material issues. (5)
3. Give arguments in favour and against for inclusion of interest on capital in cost accounts. (5)
4. Distinguish between
 - (a) Perpetual and Periodical Inventory System. (5) (b) Controllable and Uncontrollable Cost (3) (c) Purchase requisition and Material requisition (2)

SET – II

1. Define 'Labour Turnover'. Briefly discuss the three methods to measure it. (2,3) 2. Write a note on treatment of research and development cost. (5) 3. Briefly explain 'ABC Analysis' as a technique of material control. (5) 4. Distinguish between

(a) LIFO and FIFO (5) (b) Bin Card and Store Ledgers (3) (c)

Allocation and Apportionment of overheads (2)

MCQs

INRODUCTION

1. Which method of costing is employed in undertakings like public transport, hotel, restaurant, cinema hall, power distribution, hospital, school/college, etc.

- (a) Unit costing
- (b) Process costing
- (c) Operating costing
- (d) Multiple (or Composite) costing

2. Which one of the following is not a technique of costing:

- (a) Budgetary control
- (b) Standard costing
- (c) Contract costing
- (d) Marginal costing

3. Which one of the following is not a classification based on elements of costs:

- (a) Material cost
- (b) Overhead cost
- (c) Labour cost
- (d) Expenses

4. Which one of the following is not a classification based on functions/activities:

- (a) Production cost
- (b) Administration cost
- (c) Fixed cost
- (d) Selling and distribution cost

5. Which one of the following is not a classification based on management decision making:

- (a) Differential cost

- (b) Administration cost
- (c) Opportunity cost
- (d) Imputed cost

Ans. 1(c), 2(c), 3(b), 4(c), 5(b)

MATERIAL

1. Which of the following is not included in direct material cost:

- (a) Cost of procurement
- (b) Freight inwards
- (c) Taxes & duties
- (d) Trade discounts

2. Which one of the following is not an example of material control technique:

- (a) Economic order quantity
- (b) Perpetual inventory system
- (c) Labour turnover
- (d) Fixation of various stock levels

3. Which one of the following is not an advantage of centralised purchasing:

- (a) Economy in purchasing
- (b) Development of specialised purchasing skill
- (c) Suitable for emergency requirement
- (d) Uniform purchasing policies & practices

4. A document containing the request to purchase department for purchasing the materials contained therein is known as:

- (a) Purchase requisition
- (b) Purchase order
- (c) Material requisition
- (d) Good received note

5. A purchase order is addressed to:

- (a) Purchase manager
- (b) Supplier
- (c) Store keeper
- (d) Material manager

Ans. 1(d), 2(c), 3(c), 4(a), 5(b)

LABOUR

1. Which one of the following is a method of measuring rate of change in the composition of labour force:

- (a) Separation method
- (b) Replacement method
- (c) Flux method
- (d) All the above

2. Which one of the following is not an avoidable cause of labour turnover:

- (a) Low wages and allowances
- (b) Inadequate job security
- (c) Death or retirement
- (d) Lack of proper working conditions

3. Which one of the following is not an unavoidable cause of labour turnover:

- (a) Personal dislike for job
- (b) Inadequate job security
- (c) Death or retirement
- (d) Sickness, accident or disability

4. Which one of the following is not a preventive cost of labour turnover:

- (a) Fair remuneration policy
- (b) Increased cost of personnel management
- (c) Better working conditions
- (d) Increased cost of scrap and defective work

5. Which one of the following is not a replacement cost of labour turnover:

- (a) Increased cost of tools breakages
- (b) Increased cost of scrap and defective work
- (c) Cost of new recruitments
- (d) Increased cost of welfare activities

Ans. 1(d), 2(c), 3(b), 4(d), 5(d)

OVERHEADS

1. Which one of the following is not a secondary distribution of overheads method on reciprocal basis.

- (a) Repeated distribution method
- (b) Step-ladder method
- (c) Trial and error method
- (d) Simultaneous equation method

2. Which one of the following is a suitable method of absorption of overhead when most of the work is done on machines

- (a) Production units method
- (b) Direct wages method

- (c) Direct labour hour method
- (d) Machine hour method

3. A single overhead rate for the entire factory covering all its departments or processes is known as

- (a) Blanket overhead rate
- (b) Actual overhead rate
- (c) Pre-determined overhead rate
- (d) Multiples overhead rate

4. Which of the following is a method of disposal of under or over absorption of overheads.

- (a) Use of supplementary rate
- (b) Writing off to Costing P & L A/c
- (c) Carry over to the next year
- (d) All the above

5. Which one of the following is not a suitable method of absorption of administrative overheads.

- (a) Production units method
- (b) Percentage of works cost method
- (c) Machine hour rate
- (d) Percentage of sales method

Ans. 1(b), 2(d), 3(a), 4(d), 5(c)

OPERATING COSTING

1. Which one of the following cost unit is suitable for sea transport:

- (a) Passenger-km
- (b) Tonne-km
- (c) Tonne-per-nautical mile
- (d) None of the above

2. Which one is not an example of single cost unit:

- (a) Per-km
- (b) Per-meal
- (c) Per-seat-per-show
- (d) Per-mile

3. Which one is the example of composite cost unit:

- (a) Per-kwh
- (b) Per-meal
- (c) Per-bed
- (d) None of the above

4. Which one of the following is covered under service costing:

- (a) Restaurants
- (b) Goods transport
- (c) Cinema halls
- (d) All of the above

5. Which one of the following charges vary according to distance covered:

- (a) Road tax
- (b) Tyres and tubes
- (c) Time wages of driver
- (d) None of the above

Ans. 1(c), 2(c), 3(a), 4(d), 5(b)

NON-INTEGRATED ACCOUNTING

1. Under which accounting system a single set of books is maintained to record both financial and cost accounts transactions:

- (a) Integrated
- (b) Non-integrated
- (c) Cost control
- (d) None of the above

2. Under which accounting system two sets of accounts are maintained in readily reconcilable manner:

- (a) Integrated
- (b) Non-integrated
- (c) Both (a) and (b)
- (d) None of the above

3. Accounting for purchases, sales, wages, rent, depreciation etc. Are done in

- (a) Real A/cs
- (b) Personal A/cs
- (c) Nominal A/cs
- (d) Any of the above

4. Which ledger contains all real, nominal and personal transactions except debtors and creditors under non-integrated accounting system:

- (a) Cast ledger
- (b) Work-in-progress ledger
- (c) Store ledger
- (d) None of the above

5. Which of the following is the principal ledger maintained in cost books which control all the ledgers.

- (a) Finished goods ledger
- (b) Work-in-progress ledger
- (c) Store ledger
- (d) Cost ledger

Ans. 1(a), 2(b), 3(c), 4(a), 5(d)