

NAIPUNNYA SCHOOL OF MANAGEMENT, CHERTHALA
V SEMESTER B.COM TOURISM AND TRAVEL MANAGEMENT
COST ACCOUNTING
QUESTION BANK

PART – A

Very short answer questions. Answer all questions (1 mark for each question)

- 1.What is cost center ?
- 2.What do you mean by Batch costing ?
- 3.What is overhead ?
- 4.What is cost sheet ?
- 5.State the meaning of material requisition.
- 6.What is EOQ ?
- 7.What is spoilage ?
- 8.What is labour turnover ?
- 9.What is lead time ?
- 10.What do you understand by departmentalization of overhead ?
- 11.What do you mean by integrated ledger ?
- 12.What is profit reconciliation statement ?
- 13.What is prime cost ?
- 14.Define costing.
- 15.What is marginal cost ?
- 16.What is ABC analysis ?
- 17.What do you mean by reorder stock level ?

18. What is purchase requisition ?
19. What do you mean by a bin card ?
20. What is time keeping ?
21. What do you mean by labour turnover ?
22. What do you mean by overtime ?
23. Define apportionment.
24. What is Activity Based Costing ?
25. What do you mean by departmentalization ?
26. Define overhead absorption.
27. What is base stock ?
28. What is VED analysis ?
29. What is semi variable cost ?
30. Define cost accounting.

PART B

Short Answer Questions. Answer all Questions (Each question carries 2 marks)

31. What are the objectives of cost accounting ?
32. Discuss classification of cost based on variability.
33. Explain the term material control.
34. What are the factors to be considered while fixing minimum level of stock?
35. What do you mean by fringe benefits?
36. Annual usage of material: 2000 units
Cost of placing and receiving one order : Rs. 30
Annual carrying cost of one unit: Rs. 3
Find EOQ
37. Find out re-order level from the following information

Minimum stock:	1000 units
Maximum stock:	2000 units
Time required for receiving the materials:	15 days
Daily consumption of materials:	15 units

38. What is scrap? State the accounting treatment of scrap in costing.
39. Give the names of manual and mechanical methods of time keeping.
40. State the meaning of under absorption of overhead.
41. Give any 3 reasons for disagreement between costing and financial profit.
42. From the following information , calculate cost of production

Raw material consumed:	3000
Productive wages:	1800
Machine hours worked:	90
Administrative overhead:	20% on work cost
Machine hour rate	Rs.10

43. What do you mean by labour turnover? Mention its causes.
44. Differentiate cost centre from profit centre.
45. Differentiate between primary packing material and secondary packing material.

PART C

Short essays. Answer all questions (Each question carries 4 marks):

46. Briefly explain different methods of costing
47. Give important bases of apportionment of overheads among the departments with example.
48. Explain ABC analysis of stock control. What are its advantages ?
49. Explain idle time cost and overtime cost. How these items treated in cost accounts ?
50. Standard output per day of 8 hours is 16 units. Actual output of a worker for 8 hours is 20 units. Rate per hour is Rs 2.5. Calculate wages payable to the worker according to Emerson's efficiency plan
51. Calculate direct labour hour rate from the following:

Total no of workers:	100
Working days in a year:	300
No of hours per day worked:	8
Idle time:	5%
Factory overheads:	11400
Gift to workers:	1000

52. Following transactions took place in respect of an item of material :

	Receipt (Qty)	Rate(Rs.)	Issue(Qty)
1/9/2014	100	2.00	-
9/9/2014	150	3.00	-
17/9/2014	-	-	125
23/9/2014	125	4	-
28/9/2014	-	-	100

Record the above transactions in the stores ledger, pricing the issues at average cost method.

53. Calculate cost of sales from the following details :

Prime cost:	Rs.30,000
Works overhead:	20% on prime cost
Administrative overhead:	10% on work cost
Selling overhead:	5% on cost of production

54. 3000 feet of leather is purchased @ 48 paise per foot. Normal loss on account of cutting the bundle of leather into pieces of one foot is estimated at 10%. The loss of material has a saleable value of 30 paise per foot. Calculate the cost of material of a work order requiring for 50 pieces of one foot of cut leather

55. A manufacture buy certain equipment from outside suppliers at Rs.30 per unit. Total annual needs are 800 units. The following further data are available.

Annual return on investment 10%

Rent, taxes, insurance per unit per year Rs.1

Cost of placing an order Rs.100

Determine the EOQ

56. The annual demand for an item is 3200 units. The unit cost is Rs.6 and inventory carrying charges 25% per annum. If the cost of one procurement is Rs.150, determine :

(a)EOQ

(b)No. of orders per year

(c)Time between two consecutive orders

57. What do you mean by pricing of material issues? Give a brief explanation of FIFO and LIFO method

Part D.

Answer all questions. Each question carries 15 marks.

58.Describe various methods of pricing issues of materials and indicate their impact on the ascertainment of profit, when there is general tendency of rising prices.60.Following extract of costing information relates to the commodity A for the half year ending 31st December 2010.

Purchase of raw materials:	120000
Works overhead:	48000
Direct wages:	100000
Carriage on purchases:	1440
Stock on 1 st July 2014:	
Raw materials:	20000
Finished products(1000 units):	16000
Stock on 31 st December 2014:	
Raw materials:	22240
Finished product(2000 units):	32000
Work in progress(opening):	4800
Work in progress(closing):	16000
Sales(Finished product):	300000

Selling and distribution overhead are Re 1. Per unit sold. 16000 units of commodities were produced during the period you are to ascertain :

- a) cost of raw material used
- b) cost of output for the period
- c) cost of sales
- d) Net profit for the period

59.The following particulars related to Ramanadhan Manufacturing Company which has three production Department A,B and C and two service Departments X and Y

	A	B	C	X	Y
Total overheads as per Primary distribution	6300	7400	2800	4500	2000

The company decided to apportion the service department cost on the following percentages.

	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

Find the total overheads of production Department using

- a) Repeated Distribution method
- b) Simultaneous Equation method

60.Explain the classification of cost for the purpose of managerial decision making.

61.The following relate to Ajantha Channels for the year 2005.

Material consumed	6,00,000
Labour (direct)	2,00,000
Works expenses	1,20,000
Office expenses	88,000
Sales overheads	92,000
Sales	12,00,000

In cost books, work expenses are charged at 50% of labour, office expenses are charged at 10% of works cost and selling expenses are recovered at 10% of sales. Financial charges for debenture interest Rs.12,000 and loss on sale of assets Rs.8000 are seen in financial books

Prepare cost sheet, P&L A/C and profit reconciliation statement for the period.

62. What are the various methods of wage payment ?

63. Explain the following :

- (a) Fixed cost (b) Variable cost (c) Semi-variable cost (d) Direct expense
(e) Indirect expense

64. Define cost accounting. Explain the advantages and disadvantages of cost account.

65. What do you mean by purchase control ? Briefly explain the purchase procedure.

66. Shriram enterprises manufactures a special product 'WIZ', the following information are available in respect of the product.

Monthly demand of 'WIZ'	1500 units
Annual carrying cost per unit	Rs.18
Minimum usage	30 units/week
Re-order period	3 – 6 weeks
Cost of placing an order	Rs.75
Normal usage	60 units per week
Maximum usage	80 units per week

Compute : (1) Re-order quantity (2) Re-order level (3) Minimum level

(4) Maximum level (5) Average stock level
