**UNIT-I**

**TWO MARKS**

1. What is meant by cost unit
2. What is cost accounting?
3. What is cost unit?
4. What is cost centre?
5. What is costing?
6. Define cost accountancy.
7. What is profit centre?
8. List the different types of cost centre.
9. Distinguish cost centre from profit centre.
10. Give any two advantages of cost accounting.
11. What is abnormal cost?
12. What do you mean by marginal cost?
13. What do you mean by cost?
14. What is unit costing?
15. List the various techniques of costing.
16. Give any two objectives to cost accounting.
17. State any two differences between financial accounting and cost accounting.
18. What do you mean by fixed cost and variable cost?
19. What is prime cost?
20. What is cost sheet?
21. Explain financial Accounting.

**FIVE MARKS**

1. What are the objectives of cost accounting?
2. What are the demerits of cost accounting?
3. Explain the functional classification of cost.
4. Explain the classification of cost on the basis of variability.
5. What is overhead?
6. Explain any two overheads with examples.
7. Give the proforma of a cost sheet.
8. How will you classify costs?
9. What are the advantages of cost accounting?
10. What are the methods of cost accounting?
11. Explain the concept of cost
12. What are the steps involved in the preparation of Tender? Explain.

**TEN MARKS**

1. Point out the differences between financial accounting and cost accounting.
2. Discuss the important types of cost accounting systems.
3. Discuss the merits and demerits of cost accounting.
4. Explain the different element of cost.
5. Discuss the advantages of cost accounting.
6. Critically examine the objection raised against cost accounting. What are the limitations of cost accounting?
7. Discuss the characteristics of a good costing system. Explain the steps to be taken for the installation of a costing system.
8. "Cost accounting has become an essential tool in the hands of management" Discuss.
9. Discuss the various ways in which costs may be classified.
10. Explain the advantages and limitations of cost accounting.

Raw Materials consumed - - - 20,000

Wages paid to labourers - - - 5,000

Directly chargeable expenses - - - 1000

Oil & Waste - - - 100

Wages of Foremen - - - 1, 000

Storekeepers’ Wages - - - 500

Electric Power - - - 200

Lighting: Factory 500

Office 200  700

Rent: Factory 2,000

Office 1,000 3,000

Repairs & Renewals:

Factory Plant 500

Machinery 1,000

Office Premises 200 1,700

Depreciation:

Office Premises 500

Plant & Machinery 200 700

Consumable Stores - - - 1,000

Manager’s Salary - - - 2,000

Directors’ Fees - - - 500

Office Printing & Stationery - - - 200

Telephone Charges - - - 50

Postage & Telegrams - - - 100

Salesmen’s Commission & Salary - - - 500

Travelling Expenses - - - 200

Advertising - - - 500

Warehouse Charges - - - 200

Carriage Outward -

**UNIT - II**

**TWO MARKS**

1. What is MRN?
2. What is reorder level?
3. What is store ledger?
4. What is bin card?
5. What is purchase report?
6. What is EOQ?
7. What do you understand by material control?
8. Write the two importance of material control.
9. Give any two differences between continuous stock taking and periodic stock taking.
10. Mention any two advantages of material control.
11. Define perpetual inventory system.
12. What is ABC analysis?
13. Give any two advantages of LIFO method.
14. What is scrap value?
15. Give the formula for reorder level.
16. List out any two functions of storekeeper
17. What is LIFO?
18. Explain about Raw Material.
19. What is meant by inflated pricing method?
20. What is specific cost method?
21. List the various kinds of scrap.

**FIVE MARKS**

1. Explain the importance of inventory control.
2. Explain ABC analysis
3. What are the merits of centralized purchase of materials?
4. What are the objectives of inventory control?
5. What are the advantages of FIFO? Explain.
6. List down the benefits of centralized purchase.
7. Annual usage units = 6000

Cost of placing an order = Rs. 30

Carrying cost as a percent of inventory = 20%

Cost per unit of material = Rs. 5

Determine EOQ

1. The following information is available in respect of material of No. 30 :

Re-order quantity = 1,500 units

Re-order period = 4 to 6 weeks

Maximum consumption = 400 units per week

Normal consumption = 300 units per week

Minimum consumption = 250 units per week

Calculate:

(a) Re-order levels;

(b) Minimum level;

(c) Maximum level; and

(d) Average Stock level

**TEN MARKS**

1. Briefly explain the documents used in the process of material control.
2. Explain the terms waste, scrap, spoilage and defectives. How are they accounted for in the cost of products?
3. Describe the different methods of pricing of materials issues.
4. What do you understand by ABC analysis? What are its advantages?
5. What are the essential of a good system of material control?
6. What do you understand by material control? What are its objects and advantages?
7. The received side of the stores ledger A/C shown the following particulars

Jan 1 opening balance 500 units @ Rs.4

Jan 5 received from vendor 200 units @ Rs.4.25

Jan 12 received from vendor 150 units @ Rs.4.10

Jan 20 received from vendor 300 units @ Rs.4.50

Jan 25 received from vendor 400 units @ Rs.4

Issues of material were as follows:

Jan 4- 200 units: Jan 10- 400 units: Jan 15- 100 units: Jan 19- 100 units: Jan 26- 200 units:

Jan 30- 30-25units.

Issues are to be priced on the principles of LIFO. Write out the stores ledger A/C in the

respect of the materials for the month of Jan.

1. From the records of an oil distributing company, the following summarized information is available for the month of March 1996:

Sales of month: Rs. 19, 25,000

Opening Stock as on 1.3.1996: 1, 25,000 litre @ 6.50 per litre

Purchases (including freight and Insurance):

March 5 150,000 litre @ Rs. 7.10 per litre

March 27 100,000 litre @ Rs. 7.00 per litre

Closing stock as on 31.3.96: 1, 30,000 litres.

General administrative expenses for the month: Rs. 45,000

On the basis of the above information, work out the following using

FIFO and LIFO methods of inventory valuation assuming that pricing of issues

is being done at the end of the month after all receipts during the month:

(a) Value of closing stock as on 31.3.96

(b) Cost of goods sold during March 1996

(c) Profit or loss for March 1996

**UNIT – III**

**TWO MARKS**

1. What is labour turnover?
2. What do you mean by labour turnover ratio?
3. Distinguish between direct labour and indirect labour.
4. What is time keeping?
5. List the various methods of time keeping
6. What is incentive?
7. What is over time?
8. What do you mean by time Wage system?
9. Write down the formula for Halsey wage plan.
10. Give any two advantages of time rate system.
11. What is the formula for Rowan scheme?.
12. Mention any two causes of labour turnover.
13. What is over time?
14. What do you mean by time Wage system?
15. Write down the formula for Halsey wage plan.
16. Give any two advantages of time rate system.
17. Write down the formula for Rowan scheme.
18. What are the effects of labour turnover?
19. Write a note on idle time.
20. Explain the merits of time rate system.
21. What is the formula for Taylor’s Differential piece rate system?
22. What are the advantages of Halsey plan?

**FIVE MARKS**

1. How the labour turnover ratio is calculated?
2. Explain the causes for labour turnover.
3. Write a note on labour's 'motion study' and 'time study'.
4. What is Rowan Premium Plan?
5. Explain the advantages of Time study.
6. What are the advantages of straight piece rate system?
7. A worker X is allowed 60 hours’ time for completion of the job and the hourly rate is Rs. 4. The actual time taken by the worker is 40 hours. Calculate the wages of worker A. Under Halsey Plan.

**TEN MARKS**

1. Discuss the different methods of time keeping.
2. Discuss the different methods of time booking
3. What is idle time? Give reasons for idle time. How do you treat idle time in cost accounting?
4. What is overtime? How it is treated in cost accounts? State the methods of control of overtime work.
5. What is overtime? How it is treated in cost accounts? State the methods of control of overtime work.
6. What is labour turnover? What are its causes? Indicate the steps which may reduce labour turnover.
7. What are the advantages and disadvantages of time rate and piece rate system?
8. Calculate the earnings of workers A,B and C under straight piece rate system and Merrick’s multiple piece rate system from the following

Normal rate per hour Rs.1.80

Standard time per unit 1 minute

Output per day is as follows:

Worker A: 384 UNITS: WORKER B: 450 units: worker C: 552 units. Working hours

per day are 8.

1. From the following particulars you are required to work out the earnings of a worker for a week under (a) Straight piece-rate

(b) Differential piece-rate

(c) Halsey premium scheme (50% sharing)

(d) Rowan premium scheme.

Weekly working hours 48 Normal output per week 120 pieces

Hourly wage rate Rs. 7.50 Actual output for the week 150 pieces

Piece rate per unit Rs. 3.00

Normal time taken per piece 20 minutes

Differential piece rate 80% of piece-rate when output below normal and 120% of piece- rate when output above normal

**UNIT – IV**

**TWO MARKS**

1. What is allocation?
2. What is machine hour rate?
3. Define overheads.
4. What is under absorption?
5. Write a short note on Apportionment.
6. What is abnormal gain?
7. What is fixed overhead?
8. What do you mean by cost classification?
9. What is meant by cost apportionment?
10. What do you understand by the term cost absorption?
11. Give any four classification of overhead
12. Distinguish allocation from apportionment.
13. What is abnormal loss?
14. Give any two important methods of reapportionment of overheads.
15. Give any two method of distribution of overhead under reciprocal service method.
16. Write a note on over absorption of overheads.
17. Give any two advantages of time rate system.
18. How will you apportion the following expenses under overhead apportionment?
19. Rent b) Electricity
20. What is work completed but uncertified?
21. What is abnormal loss?
22. What is job costing?
23. What is contract costing?
24. What is notional profit?
25. What is cost plus contract
26. What is meant by escalation clause?
27. What is retention money?

**FIVE MARKS**

1. What is over - absorption of overheads?
2. How are the overheads classified on the basis of their behaviour?
3. Difference between allocation and apportionment.
4. What is meant by departmentalization of overhead expenses? What are its advantages?
5. Explain the following terms:

a). Cost classification

b). Cost allocation

c). Cost apportionment

d). Cost absorption

1. How would you classify the overhead according to element wise? Explain.
2. Compute the machine hours rate from the following data : (Rs.)

Cost of Machine 1, 00,000

Installation charges 10,000

Estimated scrap value after the expiry of its life (15 years) 5,000

Rent and rates for the shop per month 200

General lighting for the shop per month. 300

Insurance premium for the machine p.a. 960

Power consumption-10 units per hour, rate of power for 100 units 20

Estimated working hours p.a. 2,200 (this includes setting up time of 200 hours)

Shop supervisor’s salary per month 600

The machine occupies one-fourth of the total area of the shop. The

Supervisor is expected to devote one-fifth of his time for supervising the machine.

**TEN MARKS**

1. Define overhead and mention the different methods of classification of overheads
2. What do you understand by under absorption and over absorption of overhead? Explain the causes and methods of dealing with both.
3. What are the apportionment? Explain.
4. The following information relates to the activities of a production department for a certain period in a factory:

**Rs.**

Materials used 72,000

Direct wages 60,000

Hours of Machine operation 20,000

Labour hours worked 24,000

Overheads chargeable to the department 48,000

On once order carried out in the department during the period,

the relevant data were:

Rs.

Materials used 4,000

Labour Hours 1,650

Direct wages 3,300

Machines Hours 1,200

Prepare a comparative statement of cost of this order by using

the following three methods of recovery of overheads:

(i) Direct Labour Hour Rate Method;

(ii) Direct Labour cost Rate Method;

(iii) Machine Hour Rate Method.

**UNIT – V**

**TWO MARKS**

1. What is operating cost?
2. Distinguish job costing and process costing.
3. State any two advantages of process costing.
4. Explain prime cost.
5. What is normal loss?
6. What is abnormal loss?
7. What do you understand by work -- in - progress?
8. What is process costing?
9. Explain any two features of operating costing.
10. Write down two examples of industries adopting process costing.
11. Explain the term Job Order cost
12. Give two examples for operating costing industries
13. What is simple cost unit and composite unit?
14. Distinguish between passenger kms and running kms.
15. What are running charges?
16. What are maintenance charges?
17. What are standing charges?

**FIVE MARKS**

1. How will you compute profit on uncompleted contract?
2. What is process costing? What are its features? Name the industries where process costing is applied.
3. What are the reasons for difference in profit between cost a/cs and financial a/cs.
4. What is the main object of job costing system?
5. Explain the elements of production cost.
6. The following given below has been taken from the cost records of an engineering works in respect of the Job No. 333.

Material: Rs. 4010

Wages: Department A-60 hours @ Rs. 3 per hour

Department B-40 hours @ Rs. 2 per hour

Department C-20 hours @Rs. 5 per hour.

The overhead expenses are as follows:

Variable: Department A-Rs. 5000 for 5000 hour

Department B-Rs. 3000 for 1500 hour

Department C-Rs. 2000 for 500 hour

Fixed expenses Rs. 20,000 for 10,000 working hours.

Calculate the cost of the job no. 333 and the price for the job to give a profit of 25 per cent on the selling price.

**TEN MARKS**

1. Differentiate between job costing system and process costing system.
2. Explain the main features of process costing.
3. How is profit calculated on incomplete contract?
4. Distinguish between job costing and process costing. What are the advantages and limitations of process costing?
5. What is inter — process profit? State the objects, merits and demerits of this concept.
6. Bengal chemical Co.Ltd produced three chemicals during the month of July, 2005 by 3 consequtive processes. In each process 2% of the total weight put in is lost and 10% is scrap which from (1) and (2) realizes Rs.100 a ton and from process (3) Rs.20 a ton. The products of three processes are dealt with as follows.

Process 1 process 2 process 3

Passed on to the next process 75% 50% -

Sent to warehouse for sale 26% 50% 100%

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Expenses  incurred | Rs. | Tons. | Rs. | Tons. | Rs. | Tons. |
| Raw materials | 1,20,0000 | 1000 | 28,000 | 140 | 1,07,840 | 1348 |
| Manufacturing wages | 20,500 | - | 18520 | - | 15,000 | - |
| General expenses | 10,300 | - | 7240 | - | 3,100 | - |

Prepare process cost accounts showing the cost per ton of each product.

1. The following is the summary of the entries in a contract ledger as on 31st December 1999 in respect of Contract No. 87 which has a contract price of Rs. 5, 00,000.

Rs.

Materials purchased directly 1, 75,000

Materials supplied from stores 35,000

Wages 90,000

Direct Expenses 35,000

Establishment Charges 40,000

Plant 1, 71,000

Scrap sold 1, 00,000

The other information as follows:

1. Accruals on 31st December 1999 were; wages Rs. 500 and direct expenses Rs. 6,000.
2. The cost of work uncertified was Rs. 25,500.
3. Rs. 10,000 worth of plant and Rs. 15,000 worth of materials were destroyed by fire.

(d) Rs. 20,000 worth of plant was sold for Rs. 15,000 and materials costing Rs 25,000 were sold for Rs. 30,000.

1. Depreciation on plant upto 31st December 1999 was Rs. 50,000
2. Materials at site Rs. 25,000
3. Cash received from contractee was Rs. 3, 00,000 being 80% of work certified. Show

the Contract Account and Work-in-Progress Account. Also, show the same in the Balance Sheet.