

## C.B.C.S.S. – B.B.A./B.B.M. DEGREE EXAMINATION, APRIL 2011

## Fourth Semester

## Common Course—COST ACCOUNTING

(Common for B.B.A. and B.B.M.)

Time : Three Hours

Maximum Weight : 25

## Part A (Objective Type Questions)

*Answer all the questions in this part.**Each bunch of four questions carries weight 1.*

- I. 1 Cost which is related to the current period as an expense or loss :
- (a) Expired cost. (b) Urgent cost.  
(c) Policy cost. (d) None.
- 2 A sunk cost is irrecoverable :
- (a) True. (b) False.
- 3 A period costs are similar to products costs :
- (a) True. (b) False.
- 4 EOQ means the quality order at optimum level :
- (a) True. (b) False.
- II. 5 The amount of resources given up in exchange for some goods or services :
- (a) Units. (b) Cost.  
(c) Project. (d) None.
- 6 Personal cost centre is one which consists of a person or a group :
- (a) True. (b) False
- 7 Number of copies of the purchase order is fixed.
- (a) True. (b) False.
- 8 In-charge of a stores department :
- (a) Store keeper. (b) Store Superintendent.  
(c) Both. (d) None.

Turn over

- III. 9 Analysis of variance may be done in respect of each element of :
- (a) Cost and sales.
  - (b) Cost and project.
  - (c) Sales and project.
  - (d) None.
- 10 The difference between the standard cost of overhead allowed for the actual output achieved and the actual overhead cost incurred gives overhead variance.
- (a) True.
  - (b) False.
- 11 The difference between the std. cost of materials and the actual cost gives :
- (a) MCV.
  - (b) MPV.
  - (c) MOV.
  - (d) MYV.
- 12 Change in capacity means change in working hours per day giving rise to capacity variance:
- (a) True.
  - (b) False.
- IV. 13 A costing method under which, costs are collected and accumulated for each job, or work order separately :
- (a) Contract costing.
  - (b) Batch costing.
  - (c) Job costing.
  - (d) Process costing.
- 14 A piece rate system in which payment is made according to the number of units produced at a fixed rate per unit.
- (a) Taylor's differential piece rate system.
  - (b) Straight piece rate system.
  - (c) Multiple piece rate system.
  - (d) Gaut's task and bows plan.
- 15 An inventory system which assumes that the closing stock of materials should always remain at the minimum value.
- (a) LIFO.
  - (b) FIFO.
  - (c) HIFO.
  - (d) Market price method.
- 16 The use of same costing principles or practices by several undertakings for common comparison of costs :
- (a) Managerial costing.
  - (b) Standard costing.
  - (c) Uniform costing.
  - (d) Historical costing.

(4 × 1 = 4)

**Part B***Answer any five questions, weight 1 each.*

- 17 Define cost unit.
- 18 What do you mean by cost volume profit analysis ?
- 19 What do you mean by fringe benefits ?
- 20 Explain the concept of marginal costing.
- 21 Maximum level of stock.
- 22 What do you mean by activity based costing ?
- 23 What do you mean by absorption costing ?
- 24 Explain the term abnormal idle time.

 $(5 \times 1 = 5)$ **Part C (Problem Solving/Short Essay type Questions)***Answer any four questions, weight 2 each.*

- 25 Calculate EOQ from the following :

Consumption during the year = 600 units, ordering cost Rs. 12/order.

Carrying cost 20 %, price per unit Rs. 20.

- 26 "Costing system has become an essential tool in the hands of management". Comment.
- 27 Calculate variances from the following data :

		Std.	Actual
Number of men employed	...	100	90
Output in units	...	5000	4800
No. of working days in a month	...	20	18
Average wages per man per month	...	Rs.200	Rs.198

- 28 What is P/V ratio ? What is its importance ?
- 29 Anils Company buys its annual requirement of 36,000 units in 6 instalments. Each unit cost Re.1 and the ordering cost is Rs. 25. The inventory carrying cost is estimated at 20 % of unit value. Find the total annual cost of the existing inventory policy. How much money can be saved by Economic Order Quantity ?
- 30 Define "marginal cost" and "marginal costing".

 $(4 \times 2 = 8)$ **Turn over**

**Part D (Essay Type Questions)**

*Answer any two questions.*

*Weight 4 each.*

- 31 State the function of the purchase department in any factory.
- 32 Describe the various costs used in decision-making and explain their characteristics.
- 33 What are the advantages and limitations of standard costing ?

(2 × 4 = 8)