

**E 1520**

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Reg. No.....

Name.....

**B.B.A./B.B.M. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015**

**Fourth Semester**

**Common Core Course – COST ACCOUNTING**

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

[2013 Admissions]

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

1. What is sunk cost?
2. What is cost centre?
3. What is Bincards?
4. What is Re-order level?
5. Explain time booking.
6. What is apportionment of overheads?
7. What is estimated cost?
8. Explain break-even point.
9. What is marginal cost?
10. Explain margin of safety.

(10 × 1 = 10)

**Part B**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. Define Cost Accountancy.
12. Explain cost reduction.
13. Explain EOQ.
14. What is idle time?
15. Define labour turnover and give two causes of labour turnover.
16. What is under absorption and over absorption?

**Turn over**

17. Define standard cost also give two uses of standard cost.
18. Explain stores ledger.
19. Explain and illustrate break-even chart.
20. Objectives of time keeping.
21. Explain bill of material.
22. Distinguish between cost allocation and cost absorption.

(8 × 2 = 16)

### Part C

*Answer any six questions.*

*Each question carries 4 marks.*

23. What are the advantages of cost accounting system?
24. Enumerate remedial steps to be taken to minimize the labour turnover.
25. Differentiate Cost accounting and Management accounting.
26. Calculate the EOQ from the following information. Also state the number of orders to be placed in a year?

Consumption of material per annum	– 10,000 kg.
Order placing cost per order	– Rs. 50.
Cost per kg. of raw materials	– Rs. 2.
Storage cost	– 8% of inventory value.

27. Two components A and B are used as follows :

Normal usage	:	50 per week each.
Maximum usage	:	75 per week each.
Minimum usage	:	25 per week each.
Re-order quantity	:	A – 300 and B – 500.
Re-order period	:	A – 4 to 6 weeks. B – 2 to 4 weeks.

Calculate for each component : (a) Re-ordering level ; (b) Minimum level ; (c) Maximum level ; (d) Average stock level?

28. For making 10 kg of Product X, the standard material requirement is :

Material	Quantity (kg)	Rate per kg. (Rs.)
A	8	6
B	4	4

During April, 1,000 kg of Product X were produced. The actual consumption of materials is as under :

Material	Quantity (kg)	Rate per kg. (Rs.)
A ...	750	7
B ...	500	5

Calculate :

- (a) Material cost variance.
  - (b) Material price variance.
  - (c) Material usage variance.
29. Calculate the earnings of workers A, B and C under Straight Piece Rate System and Merriock's Piece Rate System from the following particulars :

Normal Rate per Hour	– Rs. 5.40
Standard Time per unit	– 1 minute.

Output per day is as follows :

Worker A – 390 units.

Worker B – 450 units.

Worker C – 600 units.

Working hours per day are 8.

30. Following informations are available for the year 2008 and 2009 of ABC Limited :

Year	2008	2009
Sales ...	32,00,000	57,00,000
Profit/(Loss) ...	(3,00,000)	7,00,000

Calculate :

- (a) P/V Ratio.
  - (b) Total Fixed Cost and
  - (c) Sales required to earn a profit of Rs. 12,00,000.
31. The net profit shown by Financial accounts of a company amounts to Rs. 22,000 while profit as per cost accounts for that period were Rs. 32,000. On reconciliation, the following differences were noticed :
- (a) The following items were included in the Financial books – Director's Fees (Dr.) Rs. 650, Bank Interest (Cr.) Rs. 120, Income Tax (Dr.) Rs. 8,300.
  - (b) Bad and doubtful debts for Rs. 570 were written-off in Financial books.

Turn over

- (c) Overheads in cost accounts absorbed were Rs. 8,500 while the actual were Rs. 8,300.  
 (d) Work was started during the year on a new factory and expenditure of Rs. 16,000 was incurred. Depreciation of 5% was provided in Financial Accounts.

Reconcile the profit between the Cost and Financial Accounts.

(6 × 4 = 24)

### Part D

Answer any two questions.

Each question carries 15 marks.

32. PHC Ltd., is a manufacturing company having three production departments, 'A', 'B', and 'C' and two service departments 'X' and 'Y'. The following is the budget for December 2015 :

Total	A	B	C	X	Y
Direct material	1,000	2,000	4,000	2,000	1,000
Direct wages	5,000	2,000	8,000	1,000	2,000
Factory Rent – 4,000					
Power – 2,500					
Depreciation – 1,000					
Other overheads – 9,000					

Additional information :

Area (Sq.Ft.)	500	250	500	250	500
Capital value (Rs. Lacs) of assets	20	40	20	10	10
Machine Hours	1000.	2000	4000	1000	1000
Horse Power of machine	50	40	20	15	25

A technical assessment of the apportionment of expenses of service department is as under :

	A	B	C	X	Y
	%	%	%	%	%
Service Department X	45	15	30	–	10
Service Department Y	60	35	–	5	–

Required :

- (a) A statement showing distribution of overheads to various departments. .  
 (b) A statement showing re-distribution of service departments expenses to production departments.
33. What is labour turnover? Explain the causes of labour turnover. Also give remedial steps to minimise labour turnover?
34. Briefly explain the techniques of material cost control.
35. Explain the term marginal costing. What are the advantages and limitations of marginal costing?

(2 × 15 = 30)