

E 5470

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Reg. No.....

Name.....

B.B.A./B.B.M. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2013

Fourth Semester

Common Course—COST ACCOUNTING

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

Time : Three Hours

Maximum Weight : 25

Part A

Answer all questions in this part.

Each bunch of four questions carries a weight of 1.

- I. 1 Aggregate of all direct cost is known as ____.
- (a) Factory on cost. (b) Prime Cost. ^{*}
- (c) Total Cost. (d) Cost of goods sold.
- 2 Allotment of whole items of overhead to cost centres is known as :
- (a) Allocation. (b) Apportionment. ^{*}
- (c) Classification. (d) Absorption.
- 3 Piece workers are paid on the basis of :
- (a) Output sold. (b) Output produced. ^{*}
- (c) Output in stock. (d) None of these.
- 4 Margin of safety is :
- (a) Sales at which there is profit. ^{*} (b) Sales at which there is loss.
- (c) Sales in excess of BEP. (d) None of these.
- II. 5 Time booking refers to :
- (a) Time spent by workers on their jobs.
- (b) Time spent by workers without work.
- (c) Time spent by workers in the factory.
- (d) None of these.
- 6 LIFO method of pricing of material issues is more suitable when :
- (a) Material prices are rising. (b) Material prices are falling.
- (c) Material prices are fluctuating. (d) Material prices are constant.
- 7 Imputed cost is a :
- (a) Notional cost. (b) Real cost.
- (c) Abnormal cost. (d) Variable cost.

Turn over

- 8 Standard costing works on the principle of :
- (a) Management by objectives.
 - (b) Management by exceptions.
 - (c) Budgetary control.
 - (d) Marginal costing.
- III. 9 Labour turnover is :
- (a) Productivity of labour.
 - (b) Efficiency of labour.
 - (c) Change in labour force.
 - (d) None of these.
- 10 _____ = Maximum Consumption \times Maximum Re-order period.
- (a) Danger Level.
 - (b) Minimum Level.
 - (c) Re-order Level.
 - (d) Maximum level.
- 11 Standard costing is more suitable in _____ industries.
- (a) Service.
 - (b) Contract.
 - (c) Process and Engineering.
 - (d) Agriculture.
- 12 Bonus under Halsey plan is paid :
- (a) At 100 % of time saved.
 - (b) At 75 % of time saved.
 - (c) At 80 % of time saved.
 - (d) At 50 % of time saved.
- IV. 13 In break-even chart angle of incidence is formed by the intersection of :
- (a) Sales line and variable cost line.
 - (b) Sales line and total cost line.
 - (c) Variable cost and Fixed cost lines.
 - (d) Variable cost and Total cost lines.
- 14 When fixed cost is Rs. 7,000 profit Rs. 3,000 and sales Rs. 50,000 the PV ratio will be :
- (a) 14 %.
 - (b) 20 %.
 - (c) 25 %.
 - (d) PV ratio cannot be computed from the data.
- 15 "Standard Hour" represents :
- (a) Time taken by workers for production.
 - (b) Expected number of hours the factory should work.
 - (c) Output of different kinds expressed in terms of hours.
 - (d) None of the above.
- 16 Over absorption of overhead in cost accounts results in :
- (a) Decrease in costing profit.
 - (b) Decrease in financial accounts profit.
 - (c) No effect on profits of both the accounts.
 - (d) None of these.

(4 \times 1 = 4)

Part B

*Answer any five questions from this part.
Each question carries a weight of 1.*

- 17 Define the term Cost Accounting.
- 18 What do you mean by a cost centre ?
- 19 What is meant by opportunity Cost ?
- 20 What is a Bin Card ?
- 21 What is EOQ ?
- 22 What is idle time ?
- 23 What is standard cost ?
- 24 What is break-even point ?

(5 × 1 = 5)

Part C

*Answer any four questions from this part.
Each question carries a weight of 2.*

- 25 "Limitations of Financial Accounting have made the management to realise the importance of Cost Accounting." Comment.
- 26 About 50 items are required every day for a machine. A fixed cost of Rs. 50 per order is incurred for placing an order. The inventory carrying cost per item amounts to Rs. 0.02 per day. The lead period is 32 days. Compute :
 - (i) Economic Order Quantity.
 - (ii) Re-order level.
- 27 From the following information compute machine hour rate in respect of machine No. 10 for the month of January :

Cost of machine—Rs. 32,000.
Estimated scrap value—Rs. 2,000
Effective working life—10,000 hours
Repairs and maintenance over the life period of the machine—Rs. 2,500.
Standard charges allocated to this machine for January—Rs. 400
Power consumed by the machine at Re 0.30 per unit—Rs. 600.
The machine consumes 10 units of power per hour.
- 28 A workman's wages for a guaranteed 44 hour week is Rs. 7.50 per hour. The estimated time to produce one article is 30 minutes and under an incentive plan, the time allowed is increased by 20 %. During a week, a worker produced 100 articles. Calculate the wages under each of the following methods :
 - (a) Time Rate ; (b) Rowan system ; and (c) Halsey system.

Turn over

- 29 The standard material required to manufacture one unit of product A is 5 kgs. and the standard price per kg. of material is Rs. 3.00. The cost accountant's records, however, reveal that 16,000 kgs. of material costing Rs. 52,000 were used for producing 3,000 units of product A. Calculate Material Price Variance, Material Usage Variance and Material Cost Variance.
- 30 Discuss the uses and limitations of Break-even Analysis.

(4 × 2 = 8)

Part D

Answer any two questions from this part.

Each question carries a weight of 4.

- 31 Define marginal costing and explain its main features and useful contributions to the management in decision-making.
- 32 What is the purpose of reconciling Cost and Financial Accounts? Indicate the possible sources of difference between them. How will you prepare Reconciliation Statement to reconcile the Cost and Financial Accounts?
- 33 Discuss the advantages and limitations of standard costing.

(2 × 4 = 8)