Reg. No.

III Semester B.B.A.3 Degree Examination, November/December 2016
FUNDAMENTALS OF COST ACCOUNTING
(Regular) (New Syllabus)

Time : 3 Hours Max. Marks : 80

Instructions : *1) Working notes may be given.*
*2) Simple calculators are **allowed**.*
*3) Write question numbers **correctly**.*
*4) Part **IV** is **compulsory**.*

PART – I

Answer **any ten** of the following : **(10×2=20)**

1. What is costing ?
2. What do you mean by prime-cost ?
3. Give two examples of non-cost items.
4. What is contribution ?
5. What is 'Material' ?
6. What is minimum stock level ?
7. What is abnormal loss in process accounts ?
8. What is BEP ?
9. What is cost unit ?
10. What do you mean by overheads ?
11. What is variable cost ?
12. What is reconciliation statement ?

PART – II

Answer **any four** questions : **(4×5=20)**

13. What is cost accounting ? Explain its objectives.

14. Distinguish between cost accounting and financial accounting.

15. Write short notes on :

    i) Non-cost items

    ii) EOQ

    iii) Overheads.

16. What is marginal cost ? How marginal costing useful to the management ?

17. From the following particulars prepare cost sheet.

	Rs.
Opening stock of finished goods	9,750
Closing stock of finished goods	11,100
Raw-materials purchased	35,250
Carriage on material purchased	850
Direct wages	18,450
Factory expenses	2,750
Selling expenses	2,450
Office on cost	1,850
Sales	75,000
Sale of scrap	250

18. Calculate EOQ from the following :

    1) Annual consumption – 600 units.
    2) Ordering cost – Rs. 12 per order.
    3) Carrying cost – 20%.
    4) Price per unit – Rs. 20.

PART – III

Answer **any three** questions : **(3×10=30)**

19. China Steels Ltd. has three production departments P_1, P_2 and P_3 and one service department 'S'. The following are the cost incurred for the month of January.

	Rs.		**Rs.**
Rent	2,000	Supervision	3,000
Repairs	1,200	Insurance on stock	1,000
Depreciation	900	ESI	300
Lighting	200	Power	1,800

The following data is available in respect of these four departments.

Particulars	**Departments**			
	P_1	P_2	P_3	S
Area sq. ft	150	110	90	50
No. of workers	24	16	12	8
Total wages (Rs.)	8,000	6,000	4,000	2,000
Value of plant (Rs.)	24,000	18,000	12,000	6,000
Value of stock (Rs.)	15,000	9,000	6,000	–

Apportion the costs to various departments on the most equitable method.

20. Product X is obtained after it is passed through three distinct processes. The following information is available for the operation.

	Total	Process I	Process II	Process III
Materials	5,625	2,600	2,000	1,025
Direct wages	7,330	2,250	3,680	1,400
Production overheads	7,330	–	–	–

500 units @ Rs. 4 per units were introduced in Process I. Production overheads are absorbed as a percentage of direct wages. The actual output and normal loss of the respective process are

	Output units	Normal loss	Value of scrap per unit (Rs.)
Process I	450	10%	2
Process II	340	20%	4
Process III	270	25%	5

There is no stock or work in progress in any Process.

Show : The three process accounts.

21. From the following prepare reconciliation statement

	Rs.
Net profit as per financial books	31,890
Net profit as per costing books	33,380
Factory on cost under recovered in cost accounts	2,850
Administration on cost recovered excess	2,125
Depreciation charged in Financial books	1,830

Depreciation recovered in costing	1,975
Interest received but not included in costing books	225
Income tax provided in financial books	300
Bank interest credited in financial books	115
Stores adjustment credited in financial books	210
Depreciation on stock charged in financial A/c	430
Dividend debited in financial books	600
Loss due to theft provided only in financial books	130

22. The following information available from the books of Philips T.V. Co.

Reordering quantity – 360 units

Maximum consumption – 900 units per week

Normal consumption – 600 units per week

Minimum consumption – 300 units per week

Emergency period – 2 weeks

Re-order period – 3 to 5 weeks

Calculate :

1) Re-order level
2) Minimum stock level
3) Maximum stock level
4) Danger level
5) Average stock level.

23. Sales price — Rs. 20 per unit

Sales price	Rs. 20 per unit
Variable cost (Manufacturing)	Rs. 11 per unit
Variable selling cost	Rs. 3 per unit
Fixed factory overheads	Rs. 5,40,000 per year
Fixed selling cost	Rs. 2,52,000 per year

You are required to compute.

1) Break even point in amount of sales in rupees.

2) No. of units that must be sold to earn a profit of Rs. 60,000 per year.

PART – IV **(Compulsory)** **(1×10=10)**

24. The directors of a Co. are considering sales budget for the next budget period. From the following information you are required to show clearly to management.

1) The marginal product cost and contribution p.u.

2) The total contribution resulting from each of the following sales mixtures.

	Product A	**Product B**
Direct materials (Rs.)	10	9
Direct wages (Rs.)	3	2
Fixed expenses (total) Rs. 800	–	–

Variable expenses are allocated to products as 100% of direct wages.

Selling price A – Rs. 20, B – Rs. 15.

Sales mixture :

I) 100 units of product A and 200 units of B.

II) 150 units of product A and 150 units of B.

III) 200 units of product A and 100 units of B.

Recommend which of the sales mixture should be adopted.