

BACHELOR OF COMMERCE
First Semester
Cost Accounting
(BCM- 05)

Duration: 3Hrs.

Full Marks: 70

Part-A (Objective) =20
Part-B (Descriptive)=50

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

1. Answer the following questions (any five):

2×5=10

- (a) What is costing?
- (b) What is process costing?
- (c) What is meant by material control?
- (d) What do you understand by labour turnover?
- (e) Define overhead.
- (f) What is contract costing?
- (g) Define the term 'non-integrated accounting'.

2. Answer the following questions (any five):

3×5=15

- (a) What are the advantages of cost accounting?
- (b) What are the objectives of material control?
- (c) What are the reasons for disagreement between the costing and financial profit?
- (d) Distinguish between cost allocation and cost apportionment.
- (e) Following information relating to a type of raw material is available:

Annual demand	2,400 units
Unit price	Rs. 2.40
Ordering cost per order	Rs. 4.00
Storage cost	2% p.a
Interest rate	10% p.a
Leas time	Half month

Calculate EOQ

- (f) The particulars of x material are given below:
- | | |
|----------------------|------------------------|
| Normal usage- | 10 units per week each |
| Minimum usage | 5 units per week each |
| Maximum usage | 15 units per week each |
| Re-ordering quantity | 60 units |
| Re-ordering period | 3 to 5 weeks |

Calculate:

- Re-ordering level
 - Minimum level
- (g) During a certain week in the month of September, 2012 a worker manufactured 240 articles. Working hours during a week are 48 hours, standard rate is Rs. 5.00 per hour and standard time to manufacture an article is 15 minutes. Calculate his gross wages according to Rowan Premium Bonus Plan.

3. Answer the following questions (any five): **5×5=25**

- Discuss the need of reconciliation of cost and financial accounts.
- Distinguish between cost accounting and financial accounting
- Explain briefly the distinguishing features of contract accounts.
- The following are the transaction of a firms in purchase and issue of materials:

2012

Jan 2 Purchased 4000 units @Rs. 4 per unit

Jan 20 Purchased 500 units @ Rs. 5 Per units

Feb 5 Issued 2000 units

Feb 10 Purchase 6000 units @ Rs. 6 per units

Mar 2 Issued 4000 units

Mar 15 Issued 2000 units

Prepare store Ledger Account by using FIFO method.

- (e) A company has four departments. The actual cost for the period are given below Apportion the costs to the various departments by the most equitable method.

Rent	Rs. 2,000
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Repairs	Rs.1, 200
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Supervision Rs. 3,000

Power Rs. 1,800

Depreciation Rs. 900

The following data are also available in respect of four department

Data	A	B	C	D
Area (Sq. Feet)	150	110	90	50
No. of workers	24	116	12	8
Total Wages	8000	6000	4000	2000
Value of Plant (Rs.)	24000	18000	12000	6000
Value of stock (Rs)	15000	9000	6000	--

- (f) A product passes through two process A and B to completion. During the month of October, 2012, 1000 units (Finished) were produced and the following was the expenditure.

	Process A Rs.	Process B Rs.
Materials	1,000	2,000
Labour	5,000	4,000
Direct expenses	500	500

Indirect expenses amounted in all Rs. 3,000. These are to be allocated on the basis of direct wages. Raw material with Rs.6, 000 were issued to Process 'A'. Prepare the process accounts, ignore the question of stock.

- (g) Form the following date prepare a reconciliation statement:

Profit as per cost accounts	Rs. 1, 45,000
Works overheads under recovered	Rs. 9,500
Administrative overheads under recovered	Rs. 22,750
Overvaluation of closing stock in cost accounts	Rs. 7,500
Preliminary expenses written off during the year	Rs. 18000

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes

Marks – 20

PART A- Objective Type

Choose the correct answer:

1 × 20 = 20

1. Which of the following is not a function of cost Accounting?
 - (a) Cost ascertainment
 - (b) Decision making
 - (c) Planning and control
 - (d) External reporting

2. Which of the following is not a method of costing?
 - (a) Marginal costing
 - (b) Process costing
 - (c) Job costing
 - (d) Operating costing

3. Prime cost is:
 - (a) The total of direct cost
 - (b) All costs incurred in manufacturing a product
 - (c) The material cost of a product
 - (d) The cost of operating a department

4. The important elements of costs are the following except:
 - (a) Material
 - (b) Expenses
 - (c) Labour
 - (d) Marketing costs

5. Various methods are used for pricing material used cost price methods are:
 - (a) Specific price
 - (b) Last in first out
 - (c) First in first out
 - (d) All of these

6. In case of rise in price levels, the most suitable methods for valuing materials issued is:
- LIFO
 - FIFO
 - Simple average
 - Weighted average.
7. Average price methods of pricing materials issues are derived from cost prices. They include the following except:
- Simple average
 - Base stock
 - Weighted average
 - Moving average
8. Purchased 10,000 units at Rs. 4; 18,000 units at Rs. 5 and 25,000 units at Rs. 6 the weighted average cost is:
- Rs. 4.90
 - Rs. 5.00
 - Rs. 5.28
 - Rs. 6.13
9. Avoidable causes of labour turnover include the following except:
- Redundancy.
 - Bad working conditions
 - Low wages
 - Marriage
10. Labour turnover can be measured by the following method except:
- Attrition method
 - Replacement method
 - Separation method
 - Flux method
11. Cost of labour turnover may be treated as
- Direct wages
 - Prime cost
 - Overhead
 - None of these
12. The unavoidable causes of labour turnover include the following except :
- Personal betterment
 - Illness
 - Dissatisfaction with the job
 - Retirement
13. Types of maintenance include the following except:
- Routine
 - Overhaul
 - Emergency
 - Periodic

14. Secondary packing expenses are:
- (a) Part of prime cost
 - (b) Part of production
 - (c) Part of distribution overheads
 - (d) Written off to costing profit and his account
15. Reconciliation of cost and financial account is necessary due to
- (a) Adoption of different basis of stock valuation
 - (b) Under/over-absorption of overheads
 - (c) Items included in one set of accounts but not in the other
 - (d) All of these
16. In case of under absorption of overheads:
- (a) Costing profit is understated
 - (b) Financial profit is overstated
 - (c) Costing profit is overstated
 - (d) There is no impact on costing profit
17. Which of the following items is not a pure financial item?
- (a) Dividend received
 - (b) Fines and penalties
 - (c) Interest on own capital invested in business.
 - (d) Profit on sale of fixed assets.
18. The characteristics of process costing include:
- (a) Products are standardized and homogeneous
 - (b) Products are processed in one or more process
 - (c) Products are distinguishable in processing stage.
 - (d) All of these.
19. From the industries listed below choose the one like by to use process costing in according for production costs:
- (a) Road builder
 - (b) Electrical contractor
 - (c) Automobile repair shop
 - (d) Newspaper publisher
20. The features of contract costing are the following except:
- (a) Similarity
 - (b) Longer duration
 - (c) Direct chargeability of costs
 - (d) Location
