



BRAINWARE UNIVERSITY

Course – BCOM

Basic Cost Accounting (BCM205/BCMG201)

(Semester – 2)

Time allotted: 3 Hours

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*

(i) At EOQ level the ordering cost is _____ as carrying cost.

- a. equal
- b. More
- c. less
- d. none

(ii) In the time of inflation which of the following method shows more profit

- a. FIFO
- b. LIFO
- c. Simple Average
- d. weighted average

(iii) Time saved / Time allowed – is the bonus proportion as per

- a. Halsay scheme
- b. Rowan scheme
- c. Birth Scheme
- d. None of the above

(iv) The MOS is calculated as

- a. total sales – BES
- b. Total sales – profit
- c. Profit / P V Ratio
- d. (a) and (c)

(v) If time allowed for a job is 10 hours, time taken for a job is 8 hours and rate of pay is Rs. 2 per hour, the bonus payable to the worker as per Halsay scheme is

- a. Rs. 1.20
- b. Rs. 2.00
- c. Rs. 3.20
- d. None

(vi) The following are not the stock out cost except

- a. cost of material
- b. cost of handling materials
- c. loss of contribution
- d. spoilage and obsolescence

- (vii) Advantages of JIT purchasing include the following except
- | | |
|---|---|
| a. reduce inventory carrying cost | b. reduce stock out cost |
| c. facilities pricing decision by making issue prices closer to replacement price | d. reduce cost of quality of materials due to better long run relation with the suppliers |
- (viii) A profit centre is a centre
- | | |
|--|--|
| a. Where the manager has the responsibility of generating and maximizing profits | b. Which is concerned with earning an adequate Return on Investment. |
| c. Both of the above | d. Which manages cost |
- (ix) Element/s of Cost of a product are:
- | | |
|------------------|----------------------------------|
| a. Material only | b. Labour only |
| c. Expenses only | d. Material, Labour and expenses |
- (x) Conversion cost includes cost of converting.....into.....
- | | |
|------------------------|-----------------------------------|
| a. Raw material, WIP | b. Raw material, Finished goods |
| c. WIP, Finished goods | d. Finished goods, Saleable goods |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|--|-----|
| 2. State the difference between Marginal and Absorption Costing? | [5] |
| 3. Normal hourly rate is Rs.2. Time allowed for a job is 10 hours. Time taken is 8 hours. Calculate total wages as per Halsey's and Rowan's scheme and also the bonus amount under this scheme. | [5] |
| 4. Calculate the labour turnover rate according to Separation method from the following:
No. of workers on the payroll:
- At the beginning of the month: 500
- At the end of the month: 600
During the month, 5 workers left, 20 workers were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving and while the rest were engaged for an expansion scheme. | [5] |
| 5. State the difference between cost accounting and management accounting? | [5] |
| 6. A company has a P/V ratio of 40%. By what percentage must sales be increased to offset 20% reduction in selling price? | [5] |

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. (a) Akash Limited is a manufacturing company incurred the followings expenses during the current period. You are required to prepare a cost sheet or statement of the cost from the following information.

Particulars	Rs
Material Cost	120540
Wages transferable to jobs	86650
Wages paid to men for maintenance	12600
Sales man salary	15100
Director Fees	10000
Carriage inward on raw material	860
Carriage Outward	2800
Factory rent and rates	8300
Works Salary	20400
Hire of crane for job no 132	1300
Consumable store	340
Deprecation on Plant	3800
Depreciation on Delivery Van	1600
Insurance of finished goods	2500
Consume of machine oil	250
Bad Debts	300
Commission to sales man	2850
Cost of factory	510
Auditor fees	3500
Dividend Paid	6100
Lighting expenditure	1500
Office salary and expenses	7000
Income tax paid	8600
Total selling price	400000
Indirect Tax payable to Govt.	20000

- (b) State the treatment of royalty in cost sheet with proper explanation.

[12]

[3]

8. Calculate the overheads allocable to Production Departments X and Y. There are also two Service Departments A and B. A renders service worth Rs 15000 to B and the balance to X and Y as 3:2. B renders service to X and Y as 9:1.

	X	Y	A	B
Floor Space (Sq.ft.)	5000	4000	1000	2000
Assets (in lakh)	10	5	3	1
H.P. of machines	1000	500	400	100
Light and Fan Options	100	50	50	25
Expenses and charges	50	30	20	20

Depreciation	Rs 190000
Rent, Rate and Taxes	Rs 36000
Insurance	Rs 15200
Power	Rs 20000
Canteen Exp.	Rs 10800
Electricity	Rs 4800

9. Mr. X has Rs. 2,00,000 investments in his business firm. He wants a 15 per cent return on his money. From an analysis of recent cost figures, he finds that his variable cost of operating is 60 per cent of sales, his fixed costs are Rs. 80,000 per year. Show computations to answer the following questions: [15]
- (a) What sales volume must be obtained to break even? [5]
- (b) What sales volume must be obtained to get 15 per cent return on investment? [5]
- (c) Mr. X estimates that even if he closed the doors of his business, he would incur Rs. 25,000 as expenses per year. At what sales would he be better off by locking his business up? [5]
10. (a) From the followings information prepare store ledger account based on LIFO method.

2018

1st May Opening stock 600 unit @ of Rs 14
 3rd May Purchase 300 unit @ of Rs 15 each
 5th May Issued 500 units
 7th May Purchased 900 units @ of Rs 16
 8th May Issued 600 units
 12th May Issued 200 units
 23rd May Purchase 400 unit @of Rs 18
 27th May Issued 500 units

Goods which were dispatched on 8th May to the factory, return back 9 units. Pilferage was detected on 5th May 5 units. [12]

- (b) Distinguish between Bin Card and Store Ledger. [3]
11. (a) ABC Ltd is the producer of a product Z. The monthly consumption of the product is 10000 unit. The ordering cost per order is Rs 500. Price of the product is Rs. 100 and carrying cost esteemed as 2% p.a. Calculate EOQ. Recently suppliers of ABC Ltd offer a scheme. As per the scheme the supplier provides 3% discount on a minimum purchase of 40000 units at a time. Should the company accept the proposal? [12]
- (b) State the importance of VED analysis in inventory control technique? [3]