



BRAINWARE UNIVERSITY

Course – B.Com.

Basic Cost Accounting (BCMG 201)

(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. Answer all the questions:

- i) An example of variable cost is
 - a) Insurance on machinery
 - b) Manager's Salary
 - c) Labour Cost
 - d) Depreciation
- ii) Indirect materials are
 - a) Prime Cost
 - b) Fixed Cost
 - c) an irrelevant cost
 - d) a factory overhead cost
- iii) Cost Accounting differs from Financial Accounting in respect of
 - a) recording cost
 - b) ascertaining cost
 - c) control of cost
 - d) reporting of cost
- iv) Following information is available relating to a manufacturing concern: Cost of goods sold Rs.245000, purchases rs.250000, freight inward rs.5000,. What will be the amount of Closing Stock?
 - a) Rs.15000
 - b) Rs.10000
 - c) Rs.25000
 - d) None of the above
- v) Closing stock is valued at
 - a) Cost Price
 - b) Market Price
 - c) CP or MP whichever is lower
 - d) CP or MP whichever is higher

- vi) Under LIFO method inventories are valued as per
 - a) Labour
 - b) Factory expenses
 - c) Costing of Profit & Loss account
 - d) None of the above
- vii) During a period of rising prices higher profits can be shown by valuing stock at
 - a) LIFO basis
 - b) FIFO basis
 - c) Inflation basis
 - d) None of the above
- viii) In a Cost Sheet, discount allowed comes under
 - a) Office & administrative overhead
 - b) COGS
 - c) factory cost
 - d) None of the above
- ix) Indirect labour cost is an example of
 - a) Prime Cost
 - b) Factory overhead
 - c) Fixed Cost
 - d) Administrative Overhead
- x) Purchase of Material is initiated through
 - a) Material Requisition
 - b) Purchase Order
 - c) Bin Card
 - d) Cost Sheet

Group – B

(Short Answer Type Question)

3 x 5 = 15

Answer any three questions:

2. What is Cost Accounting? What are its functions? [1+4]
3. What is EOQ? A manufacturing company produce a special product “INDANE”. The monthly demand for which is 500 units. The following particulars are available in respect of the material use for manufacturing the product:
 - a) Cost of placing an order Rs.120
 - b) Carrying cost per unit Rs.12. Calculate EOQ. [1+4]

4. ABC Ltd furnishes the following data for manufacturing of Product Z during the month of May, 2017:
- i. Raw material consumed Rs.15000
 - ii. Direct labour charges Rs.6000
 - iii. Machine hours worked 900 hrs
 - iv. Machine hour rate – Rs.5 per hour
 - v. Administrative Overhead – 25% on Works Cost
 - vi. Selling Overhead – Re.1.50 per unit
 - vii. Unit's production – 18000 units
 - viii. Units sold – 17000 units @ Rs.6 per unit

You are required to prepare a statement showing the cost elements from the above showing –
Cost Per unit & Profit Per Unit sold.

5. Write short notes on : (2.5 marks each)
- a. Budgets & Budgetary Control
 - b. Contract Costing & its uses
6. In a company weekly minimum & maximum consumption of material A are 25 & 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level & maximum level of material A.

Group – C

(Long Answer Type Question)

3 x 15 = 45

Answer any three questions

7. From the following information extracted from the books of a manufacturing concern as 30.04.2017

Date	Transaction	Quantity(units)	Rate/unit
1.4.2017	Opening Stock	300	9.70
7.4.2017	Purchases	250	9.80
11.4.2017	Issue	400	-
19.4.2017	Purchase	300	10.05
20.4.2017	Issue	210	-
29.4.2017	Purchase	150	10.30
30.4.2017	Issue	100	-

You are required to find out the value of Closing Stock at 30.4.2017 as per **LIFO** Method.

[15]

8. From the following particulars, calculate the overhead allocable to production department P & Q. There are also two service departments R & S. R renders service worth Rs. 6000 to S and the balance of P and Q as 3:2. R renders service to P and Q as 9:1.

	P	Q	R	S
Floor Space(Sq ft)	2500	2000	500	1000
Assets(in lacs)	5	2.5	1.5	0.5
HP of machines	500	250	200	50
No. of workers	100	50	50	25
Light & Fan points	50	30	20	20

Expenses & charges

Depreciation – Rs.95000

Rent & rates – Rs.18000

Insurance – Rs.7600

Electricity Charges-Rs.2400

Power – Rs.10000

Canteen expenses – Rs.5400

[15]

9. What is BE Analysis? What are its uses?

You are given the following data for the coming year for a factory.

Budgeted output – 800000 units

Fixed Expenses – Rs.4000000

Variable expenses per unit – Rs.100

Selling price per unit – Rs.200

Draw a break even chart showing the break even point. If the price is reduced to Rs.180 what will be the new break even point? [2+3+10]

10. RST Limited processes Product Z through two distinct processes – Process I & process II. On completion, it is transferred to finished stock. From the following information for the year 2016-17, prepare Process I, Process II A/c.

Particulars	Process I	Process II
Raw materials used	7500 units	-
Raw materials cost per unit	Rs.60	-
Transfer to next process/finished stock	7050units	6525 units
Normal Loss(on inputs)	5%	10%
Direct Wages	Rs.135750	Rs.129250
Direct Expenses	60% of direct wages	65% of direct wages
Manufacturing Overheads	20% of direct wages	15% of direct wages
Realisable Value of scrap per unit	Rs.12.50	Rs.37.50

6000 units of finished goods were sold at a profit of 15% on cost. Assume that there was no opening or closing stock of WIP.

11. Write short notes on the followings: (5 marks each)
- Marginal Costing & its uses
 - Work certified & work uncertified
 - Features of Process Costing