



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme –Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Basic Cost Accounting

Course Code – BCM205

(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) Analysis of selling and distribution overheads is done by
 - a. Nature of expenses and functions
 - b. Areas, products and salesmen
 - c. Types of customers and channels of distribution
 - d. All of the above
 - (ii) For exercising control over selling and distribution overheads, the following techniques may be used :
 - a. Comparison with past results
 - b. Budgetary control
 - c. Standard costing
 - d. All of the above
 - (iii) Interest on own capital is a:
 - a. Cash cost
 - b. Notional cost
 - c. Sunk cost
 - d. None of these
 - (iv) Objectives of research and development costs include:
 - a. Maintaining present competitive position
 - b. Improving enterprise's competitive position
 - c. Exploring new market/products
 - d. All of the above
 - (v) In a shutdown decision, one has to consider:
 - a. Contribution
 - b. Identifiable fixed cost, if any
 - c. Impact of shutdown on other products, if any
 - d. All of the above

- (vi) The difference between total revenues and total variable costs is known as:
- a. Contribution margin
 - b. Gross margin
 - c. Operating income
 - d. Fixed costs
- (vii) Which of the following is a factor that should be taken into account for fixing re-order level?
- a. Average consumption
 - b. Economic Order Quantity
 - c. Emergency lead time
 - d. Danger level
- (viii) Describe the method of costing to be applied in case of Nursing Home
- a. Operating Costing
 - b. Process Costing
 - c. Contract Costing
 - d. Job Costing
- (ix) The combination of direct material and direct labor is
- a. Total production Cost
 - b. Prime Cost
 - c. Conversion Cost
 - d. Total manufacturing Cost
- (x) Which of these is not a Material control technique:
- a. ABC Analysis
 - b. Fixation of raw material levels
 - c. Maintaining stores ledger
 - d. Control over slow moving and non-moving items

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. Explain the term “Cost Accounting”, Cost Accountancy” and “Costing”. 5
3. The following data are available in respect of a material “MMI” used in the production of goods of M/S Bright Ltd. for the year 2018: 3+1+1

Cost of material per unit	Rs. 2
Annual Consumption	10,000 kg
cost of one order	Rs. 50
Carrying cost	8% p.a.

Determine:

- (a) E.O.Q
 - (b) No. of orders per year
 - (c) Time between two consecutive orders.
4. Time allowed for a job is 100 hours; a worker takes 80 hours to complete the job. Time rate per hour is Rs.10. Compute the total earnings of the worker as per Halsey and Rowan Plan. 2+3
5. Discuss the advantages of Time Rate System of wage payment 5
6. Explain the concept of Break-even Point and Margin of safety. 5

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. From this information provided as under, you are required to prepare a statement showing how the issues would be priced if FIFO method is followed. 15
- 2018 Feb:
1. Opening Balance 200 units at Rs.8 each.
 2. Received 100 units at Rs.10 each.
 3. Received 200 units at Rs.12 each.
 4. Issued 400 units
 6. Issued 80 units
 7. Received 400 units at Rs.13 each.
 8. Issued 200 units
 12. Received 300 units at Rs.14 each.
 13. Received 200 units at Rs.11 each.
 17. Issued 400 units
8. (a) From the following particulars relating to the production and sales for the year ended 31st December 2018, prepare a cost sheet. 10

	Amount (Rs.)
stock as on 1.1.2018	
Raw materials	1,50,000
Work-in-Progress	45,000
Finished Goods	3,750
Raw materials purchased	3,75,000
Manufacturing Overhead	75,000
Direct wages	1,12,500
Administrative Overhead	12,000
Selling and Distribution Overhead	3,000
Sales Proceeds of Finished Goods	12,00,000
Stock as on 31.12.2018	
Raw materials	1,35,000
Work-in-Progress	37,500
Finished Goods [at cost 10,000 units]	11,250

- (b) Underline the objectives of cost accounting. 5
9. (a) Explain the essentials of a costing system. 5
- (b) Describe the steps to be taken in installing a costing system in a manufacturing concern. 10
10. (a) Differentiate between marginal costing and absorption costing. 5
- (b) Identify the features of marginal costing. 10

11. (a) A factory has 3 production departments (P1, P2, P3) and 2 service departments (S1 & S2). The following overheads & other information are extracted from the books for the month of January 2018. 15

Expense	Amount (Rs.)
Rent	6,000
Repair	3,600
Depreciation	2,700
Lighting	600
Supervision	9,000
Fire Insurance for stock	3,000
ESI contribution	900
Power	5,400

Particulars	P1	P2	P3	S1	S2
Area sq. ft.	400	300	270	150	80
No. of workers	54	48	36	24	18
Wages	18,000	15,000	12,000	9,000	6,000
Value of plant	72,000	54,000	48,000	6,000	
Stock Value	45,000	27,000	18,000		
Horse power of plant	600	400	300	150	50

Allocate or apportion the overheads among the various departments on suitable basis and calculate the total overhead expenditure of the respective departments.
