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**BRAINWARE UNIVERSITY****Term End Examination 2024-2025****Programme – B.Com.(AFB)-Hons]-2023/B.Com.(AFB)-Hons]-2024****Course Name – Cost Accounting****Course Code - BBF20103/BBF20102****(Semester II)**

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Kolkata, West Bengal-700125

Full Marks : 60**Time : 2:30 Hours**

[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)****1 x 15=15****1. Choose the correct alternative from the following :**

- (i) Explain the concept of material requirements planning (MRP).
 - a) A method used to determine the optimal reorder point for materials
 - b) A system for planning the timing and quantities of materials needed for production
 - c) A technique for minimizing material waste in manufacturing processes
 - d) A process for calculating the economic order quantity (EOQ) for materials
- (ii) Explain the concept of lead time in materials management.
 - a) The time required to process a material requisition
 - b) The time required to reorder materials from suppliers
 - c) The time required for materials to be delivered after an order is placed
 - d) The time required to inspect incoming materials for quality
- (iii) Define time ticket.
 - a) A document used to record employee attendance
 - b) A document authorizing overtime work
 - c) A document used to track the time spent by employees on specific jobs
 - d) A document outlining employee wage rates
- (iv) Explain the concept of labor mix.
 - a) The proportion of direct labor to indirect labor costs
 - b) The proportion of skilled labor to unskilled labor costs
 - c) The proportion of labor cost to total manufacturing cost
 - d) The proportion of employees leaving to average number of employees
- (v) Define Factory Cost.
 - a) The total cost of production excluding factory overheads
 - b) The total cost of production excluding direct labor
 - c) The total cost of production excluding direct materials
 - d) The total cost of production including direct materials and direct labor
- (vi) Explain the concept of Uncontrollable Cost.
 - a) Costs that are influenced by the actions of a specific manager
 - b) Costs that cannot be influenced by managerial decisions
 - c) Costs that are influenced by market conditions
 - d) Costs that are incurred for administration purposes
- (vii) Explain the concept of Decremental Cost.
 - a) The change in total cost resulting from producing one additional unit of a product
 - b) The change in total cost resulting from producing one less unit of a product
 - c) The total cost of producing all units of a product
 - d) The cost of an alternative that must be forgone in order to pursue another action
- (viii) Interpret the term FIFO method in process costing.
 - a) A method where costs are transferred from one process to another based on the order of completion
 - b) A method where costs are transferred from one process to another based on the order of incurrence
 - c) A method where costs are transferred from one process to another based on the order of quantity
 - d) A method where costs are transferred from one process to another based on the order of value
- (ix) Interpret the term joint cost in process costing.
 - a) The cost incurred for starting a new production process
 - b) The cost incurred for maintaining existing production processes

- c) The cost incurred for producing multiple products simultaneously
- (x) Explain the concept of cost allocation in process costing.
- a) The process of assigning costs to specific cost centers
- c) The process of allocating costs based on the level of production
- (xi) Justify the inclusion of depreciation of factory equipment in overheads
- a) Depreciation of factory equipment directly contributes to the production of goods
- c) Depreciation of factory equipment represents executive salaries
- (xii) Justify the allocation of factory security systems costs to overheads
- a) Factory security systems costs directly contribute to the production of goods
- c) Factory security systems costs represent executive salaries
- (xiii) Explain the significance of cost unit in contract costing.
- a) It helps in allocating costs to departments
- c) It is used to measure the cost of each contract undertaken
- (xiv) Explain the term cost-plus contract in contract costing.
- a) A contract where the price is fixed in advance
- c) A contract where the price is determined by competitive bidding
- (xv) When overtime is required for meeting urgent orders, overtime premium should be
- a) Charged to costing profit and loss A/c
- c) Charged to respective jobs
- d) The cost incurred for the common inputs shared by multiple products in the production process
- b) The process of assigning costs to specific products or processes
- d) The process of allocating costs based on the number of employees
- b) Depreciation of factory equipment cannot be easily traced to specific products
- d) Depreciation of factory equipment represents advertising expenses
- b) Factory security systems costs cannot be easily traced to specific products
- d) Factory security systems costs represent advertising expenses
- b) It represents the standard cost of a product
- d) It is used for recording sales revenue
- b) A contract where the price is based on the actual cost plus an agreed-upon profit margin
- d) A contract where the price is based on market demand
- b) Charged to overhead costs
- d) Ignored

Group-B
 (Short Answer Type Questions)

3 x 5=15

2. Define Rowan's incentive plan. (3)
3. Explain cost allocation with examples. (3)
4. Define E.O.Q. (3)
5. Using the following data, find the earnings of a worker under - (a) Rowan and (b) Halsey Premium bonus system. (3)

Time Allowed - 48 hours

Time Taken - 40 hours

Rate per hour - Rs. 1.00

6. From the following information, calculate Economic Order Quantity (EOQ) and the number of orders to be placed in one quarter of the year : (3)

- | | |
|---|----------|
| (i) Quarterly consumption of material | 2,000 kg |
| (ii) Cost of placing an order | ₹ 50 |
| (iii) Cost per unit | ₹ 40 |
| (iv) Storage and carrying cost = 8% p.a. (on average inventory) | |

OR

In a factory component 'A' is used as follows :

- (i) Normal usage 50 kg per week.
- (ii) Maximum usage 75 kg per week.
- (iii) Re-order quantity 300 kg.
- (iv) Re-order period 4 to 6 weeks.

Calculate for component 'A' :

- (a) Re-order level; (b) Maximum level; (c) Minimum level; and (d) Average stock level.

(3)

Group-C
(Long Answer Type Questions)

5 x 6=30

7. From the following information, prepare a Statement of Cost for the year 2008 :

(5)

Opening Stock :	₹
Raw materials	18,000
Finished goods	5,000
Closing Stock :	
Raw materials	10,000
Finished goods	6,000
Purchase of raw materials	90,000
Indirect wages (factory)	5,000
Direct wages	18,000
Power & Fuel	12,000
Office Salary	14,000
Sundry Office Expenses	9,000
Salesman's Salaries	6,000

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8. Record the following transactions in the Stores Ledger Account using FIFO method of pricing issues :
2017

(5)

March 1	Balance in hand	3,000 units @ ₹ 20 each
2	Purchased	2,000 units @ ₹ 22 each
3	Issued	1,500 units
5	Purchased	2,000 units @ ₹ 23 each
10	Issued	1,500 units
15	Issued	2,000 units
20	Purchased	2,000 units @ ₹ 24 each
31	Issued	1,500 units

9. Distinguish job costing and process costing.

(5)

10. Journalize the following under an integrated accounting system: a) When wages are paid b) When goods are sold in cash c) When goods are sold in credit d) When materials are purchased in cash e) When materials are purchased in credit

(5)

11. Explain stores ledger.

(5)

12. In a factory there are three production departments and one service department. The expenses for the departments during 2017 were as follows:

(5)

Rent ₹ 2,000; Power ₹ 1,800; Light ₹ 750; Depreciation ₹ 2,700; Supervision ₹ 9,000; Repair to Plant ₹ 2,250; Canteen Expenses ₹ 4,500.

With the above noted expenses and the following further particulars determine the total cost of each department:

	Production Departments			Service Department
	A	B	C	S
Area (sq.metre)	375	165	135	75
Cost of Plant (₹)	60,000	45,000	45,000	—
No. of Employees	8	6	4	2
Direct Wages (₹)	30,000	20,000	15,000	10,000
Light Points (No.)	8	7	6	4
H.P. of Machines	9	6	7.5	—

OR

A machine was purchased on 1st January, 2018 for ₹ 5 lakhs. The total cost of all machinery inclusive of the new machine was ₹ 75 lakhs. The following further particulars are available:

(5)

Expected life of the machine 10 years.

Scrap value at the end of 10 years ₹ 5,000.

Repairs and maintenance for the machine during the year ₹ 2,000.

Expected number of working hours of the machine per year 4,000 hours.

Insurance premium annually for all machines ₹ 4,500.

Power consumption for the machine per hour 25 units @ ₹ 4 per unit.

Area occupied by the machine 100 sq. ft.

Area occupied by other machines 1500 sq. ft.

Rent per month of the department ₹ 800.

Lighting charges for 20 points for the whole department out of which three points are for the new machine ₹ 120 per month. Using the data, calculate machine hour rate for the new machine.

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