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- Q.5 i. What is meant by Overheads? **2**
 ii. "Classification of overheads into fixed and variable is highly needful to the management for the efficient running of the factory". Discuss **8**
 OR iii. Write a note on absorption rate of overhead. **8**
 (a) Actual Rate (b) Pre-determined rate
 (c) Blanket rates (d) Multiple rate

- Q.6 i. What do you understand by standard costing? **2**
 ii. What are the differences between absorption costing and marginal costing? **8**
 OR iii. From the following information- **8**
 (a) Contribution (b) Profit volume ratio
 (c) B.E.P. (d) Margin of safety

Particulars	2017	2018
Sales	50,0000	7,50,000
Fixed cost	1,00,000	1,25,000
Variable cost	2,75,000	4,50,000

Total No. of Questions: 6

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Enrolment No.....



Faculty of Commerce / Management

End Sem (Even) Examination May-2018

CM3CO13 Cost Accounting

Programme: B.Com (Hons.)

Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Cost accounting provides all of the following information except – **1**
 (a) Product cost (b) Cost of goods sold
 (c) Inventory values (d) Cost forecasts
 ii. Select the indirect expenses from the following- **1**
 (a) Distribution expenses (b) Mining royalty
 (c) Railway freight (d) Octroi
 iii. Inventory control method may be employed in - **1**
 (a) Manufacturing business (b) Trading business
 (c) Both (a) and (b) (d) None of these
 iv. Under FIFO method closing stock is valued at what rate? **1**
 (a) Present latest rate (b) Standard rate
 (c) Weighted rate (d) Average rate
 v. Total of work cost and office overheads are known as- **1**
 (a) Direct cost (b) Prime cost (c) Works cost (d) Cost of production
 vi. Contract Price is not fixed in case of- **1**
 (a) Cost plus contract (b) Escalation clause
 (c) Descalation clause (d) All of these
 vii. Absorption means charging of overheads to- **1**
 (a) Cost centres (b) Cost units
 (c) Cost centres or cost units (d) None of these
 viii. Charging to a cost centre these overheads that result only from the existence of that cost centre is known as- **1**
 (a) Allocation (b) Apportionment (c) Absorption (d) Allotment

P.T.O.

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- ix. Marginal costing is - **1**
 (a) The accounting system of charging variable costs to cost unit
 (b) A technique of product costing
 (c) A technique of cost control and cost reduction
 (d) None of these
- x. Profit volume ratio indicates- **1**
 (a) Amount of profit (b) Sales volume
 (c) Production volume (d) Relative profitability of products

- Q.2 i. Explain the term of cost accounting? **2**
 ii. Discuss the concept of cost accounting. Explain its nature.(Any two) **3**
 iii. Explain the any five methods of cost accounting and state the industries to which each can be suitably applied. **5**

OR iv. Distinguish between direct expenses and indirect expenses. **5**

- Q.3 i. Annual usage of inventory 1,000 units. **2**
 Purchase price per unit Rs. 4
 Cost per order Rs. 32
 Carrying cost per order 10% of purchase. Price i.e. 40 paisa per unit
 Calculate Economic order quantity.
- ii. Prepare a store ledger account from the following transaction adopting FIFO method- **8**

April 2018 Receipt	Receipt Qty. kg.	Rate Rs.	April 2018 issues	Issue Qty. Kg.
3-4-2018	250 kg	2.00	19-4-2018	600 kg
15-4-2018	700 kg	2.10	27-4-2018	450 kg
25-4-2018	300 kg	2.20	28-4-2018	50 kg
29-4-2018	1000 kg	2.30	30-4-2018	300 kg

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- OR iii. Pioneer services, Raipur usage A B and C materials in the manufacturing of its products. The following information is given in respect of material- **8**

Material	Usage per unit of (Kgs)	Reorder Qty. (Kgs)	Price per Kg (Rs.)	Delivery period in weeks	Order level (Kg)	Minimum level (Kg)
A	8	8000	1	1 to 3	3000	-
B	3	4000	3	3 to 5	1875	-
C	4	6000	2	2 to 4	-	1700

Weekly production varies from 75 to 125 units averaging 100 find out the following-

- (a) Minimum stock level of A (b) Maximum stock level of B
 (c) Reorder level of C (d) Average stock level of A

- Q.4 i. What is job costing? **2**

- ii. The account of Ratna Co. Ltd for the year ended 31ST March 2018 show the following information- Prepare a cost statement. **8**
- | | |
|---|----------|
| Opening stock of raw material | 40,000 |
| Purchase of raw material | 1,00,000 |
| Carriage Inward | 5,000 |
| Closing stock of raw material | 25,000 |
| Sale of scrap of raw material | 10,000 |
| Direct wages | 85,000 |
| Abnormal idle time | 5,000 |
| Sale of scrap | 5,000 |
| Factory overhead 20% of wages | |
| Office overhead 50% of factory overhead | |
| Direct Expenses | 20,000 |

- OR iii. In Process A units of raw materials were introduced at a cost of Rs. 3,000. **8**
 The other expenditure incurred on the process was Rs. 600 of the units introduced 10% are normally spoilt in the course of manufacture and they process a scrap value of Rs. 3 each. The output of process A was only 500 units. Prepare Process "A" account showing the values of normal and abnormal loss.

P.T.O.

CM3CO13 Cost Accounting Marking Scheme

Q.1	i.	Cost accounting provides all of the following information except – (d) Cost forecasts	1
	ii.	Select the indirect expenses from the following- (a) Distribution expenses	1
	iii.	Inventory control method may be employed in - (c) Both	1
	iv.	Under FIFO method closing stock is valued at what rate? (a) Present latest rate	1
	v.	Total of work cost and office overheads are known as- (d) Cost of production	1
	vi.	Contract Price is not fixed in case of- (a) Cost plus contract	1
	vii.	Absorption means charging of overheads to- (b) Cost units	1
	viii.	Charging to a cost centre these overheads that result only from the existence of that cost centre is known as- (a) Allocation	1
	ix.	Marginal costing is - (a) The accounting system of charging variable costs to cost unit	1
	x.	Profit volume ratio indicates- (d) Relative profitability of products	1
Q.2	i.	Term of cost accounting.	2
	ii.	concept of cost accounting Nature	3 1 mark 2 marks
	iii.	five methods of cost accounting each carry 1 mark	5 (1 mark * 5)
OR	iv.	Distinguish between direct expenses and indirect expenses each carry 1 mark	5 (1 mark * 5)
Q.3	i.	Calculate EOQ Formula Solution	2 1 mark 1 mark
	ii.	Prepare a store ledger account from the following transaction adopting FIFO method- Each step carry 1 mark	8 (1 mark * 8)
OR	iii.	Calculate Minimum stock level of A Maximum stock level of B	8

Reorder level of C
Each level carry 2 marks
Average stock level of A
(2 marks * 4)
(NOTE : 2 marks stands 1 mark for Formula + 1 mark for Solution)

Q.4	i.	Meaning of job costing	2
	ii.	Prepare a cost statement. Raw material consumed Prime cost Work cost Cost of production	8 2 marks 2 marks 2 marks 2 marks
OR	iii.	Prepare Process A account showing the values of normal and abnormal loss. Process A a/c Abnormal loss a/c	8 5 marks 3 marks
Q.5	i.	Meaning of Overheads	2
	ii.	Classification of overheads Each classification carry 2 marks	8 (2 marks * 4)
OR	iii.	Write a note on absorption rate of overhead. Each rate carry 2 marks	8 (2 marks * 4)
Q.6		Attempt any two:	
	i.	Meaning of standard costing	2
	ii.	Differences between absorption costing and marginal costing any eight point – 8 marks	8 (1 mark * 8)
	iii.	Contribution Formula Solution Profit volume ratio Formula Solution B.E.P. Formula Solution Margin of safety Formula Solution	8 1 mark 1 mark 1 mark 1 mark 1 mark 1 mark 1 mark 1 mark 1 mark
