(i) Printed Pages: 7 Roll No. ....

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Bachelor of Commerce 3rd Semester

(2122)

COST ACCOUNTING

Paper : BCM-302

Time Allowed : Three Hours] **[Maximum Marks : 80**

Note :— Attempt **four** short answer type questions from Section A. Each question in Section A carries weightage of **5** marks. Attempt **two** questions each from Sections B and C respectively. Each question of Sections B and C carries weightage of **15** marks.

SECTION—A

1. The following transactions took place in respect of a material item :

Date	Receipts (Quantity)	Rate (Rs.)	Issue (Quantity)
2-3-2022	400	3	—
10-3-2022	500	3.40	—
15-3-2022	—	—	350
18-3-2022	350	3.60	—
20-3-2022	—	—	300

Prepare Stores Ledger following the Simple Average Method with FIFO.

2. Calculate from the following data :

(i) Minimum Stock Level

(ii) Maximum Stock Level

(iii) Reordering Level

(iv) Danger Level

Given : Average Daily Requirement = 24 units; Usual time to obtain supply = 2 weeks; Maximum requirement in a month of 4 weeks = 800 units; Minimum requirement in this period not to fall below = 400 units; Economic order size to be assumed to be 40 dozens; Time sufficient for emergent supply 2 days.

3. A factory has received an order for three different types of casting weighing respectively 18, 45 and 27 tons. 10% of the raw materials used are wasted in manufacturing and are sold as scrap for 20% of the cost price of raw materials.

The cost of raw materials is Rs. 250 per ton, the wages for three types of casting are respectively Rs. 4,000; Rs. 10,500 and Rs. 5,500. The costs of the moulds for the three different types of castings are respectively Rs. 920; Rs. 1,050 and Rs. 350.

Factory overhead charges are 40% of the wages and office overhead charges are 50% of the factory overhead. Selling expenses are to be expected 5% of selling price. Find the selling price per ton of each type of casting if the net profit to be taken is 25% of final cost.

4. From the following data calculate the total monthly remuneration of 2 workers Ram and Shyam :

Standard production per month per worker is 1000 units

Actual production during a month :

Ram – 800 units; Shyam – 700 units

Piece work rate per unit of actual production 15 paise

D.A. Rs. 40 per month (fixed)

House Rent Allowance : Rs. 20 per month (fixed)

Additional Production Bonus at the rate of Rs. 5 for each percentage of actual production exceeding 75% actual production over standard.

5. Differentiate between Normal Idle Time and Abnormal Idle Time.

6. Differentiate between Cost Ledger Accounting and Integral Accounting System.

SECTION—B

7. A manufacturing company uses materials of Rs. 50,000 per year. The administration cost per purchase is Rs. 50 and carrying cost is 20% of the average inventory. The company currently has an optimum purchasing policy but has been offered a 0.4% discount if they purchase five times per year. Should the offer be accepted ? If not, what counter offer should be made ?

8. Two workers A and B produce the same product using the same material. Their normal wage rate is also the same. A is paid bonus according to Rowan Scheme while B is paid bonus according to Halsey Scheme. The time allowed to make the product is 50 Hours. A takes 30 hours while B takes 40 hours to complete the product. The factory overhead rate is Rs. 5 per person-hour actually worked. The factory cost of product manufactured by A is Rs. 3,490 and for product manufactured by B is Rs. 3,600.

Required :

(a) To find out the normal wage rate.

(b) Compute the material cost.

(c) Prepare a statement showing the factory cost of the product as made by two workers.

9. Discuss the characteristics of an Ideal Costing System. Also discuss the steps for installation of Costing System.

10. How is labour turnover measured ? Why is labour turnover a matter of serious concern to management ?

SECTION—C

11. The following is the Trading & Profit and Loss Account for the year ending on 31st December, 2010 :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Raw Material	1,28,000	By Sales	
To Direct Wages	1,36,000	(50000 units)	5,00,000
To Factory Expenses	68,000	By Finished Stock	
To Administrative		(5000 units)	28,000
Expenses	46,000	By Work in Progress :	
To Selling &		Material Rs. 6,000	
Distribution Expenses	54,000	Wages Rs. 4,500	
To Preliminary		Factory	
Expenses	59,000	Expenses Rs. 2,500	13,000
To loss on sale of		By Interest on	
Asset	5,000	Securities	12,000
To Net Profit	64,000	By Dividend	
		Received	7,000
	5,60,000		**5,60,000**

The cost records for the same period show the following :

(i) Factory overheads charged at 20% of wages.

(ii) Administrative overheads @ 80% of factory expenses.

(iii) Selling and Distribution overheads have been charged at Re. 1 per unit sold.

Draw up Cost Sheet and Reconciliation Statement.

12. From the following information work out the production overheads in Departments P1, P2 and P3 :

Department

Primary Distribution	P1 (Rs.)	P2 (Rs.)	P3 (Rs.)	S1 (Rs.)	S2 (Rs.)
	6,50,000	6,00,000	5,00,000	1,20,000	1,00,000

The expenses of Service Departments S1 and S2 are apportioned as follows :

	P1	P2	P3	S1	S2
S1	30%	40%	20%	—	10%
S2	10%	20%	50%	20%	—

Prepare a statement showing the distribution of two Service Departments to the three Production Departments by :

(a) Simultaneous Equations Method

(b) Repeated Distribution Method

13. What is meant by Operating Cost and Operating Costing ? In which industries it is used ? Prepare Operating Cost Sheet with imaginary figures.

14. Differentiate between apportionment, allocation and absorption. Also discuss the various methods for absorption of overheads.