

**B.Com. Part—I (Accounting and Finance) Semester—I Examination**

**COST ACCOUNTING—I**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** Attempt **ALL** questions.

**SECTION—A**

**Note :—** Write the answers of the following questions by choosing the correct alternative from those given below. 1×20=20

1. The scope of cost accounting includes :
  - (a) Cost ascertainment, cost presentation and cost contribution.
  - (b) Tax planning, Tax accounting and Financial accounting
  - (c) Presentation of accounting information, creation of policy, day to day operation.
  - (d) None of the above
2. Cost accounting discloses \_\_\_\_\_.
  - (a) The financial position
  - (b) Profit/loss of a product, job or service
  - (c) Effect and impact of cost on business
  - (d) None of these
3. \_\_\_\_\_ aids in price fixation.
  - (a) Financial Accounting
  - (b) Cost Accounting
  - (c) Management Accounting
  - (d) None of these
4. Cost accounting is a specialised branch of accounting which deals with \_\_\_\_\_.
  - (a) Classification, recording, allocation and contra of costs
  - (b) Classification, processing, allocation and directing
  - (c) Classification, recording, planning and control of cost
  - (d) Classification, recording, allocation and directing
5. PVC company has ordering quantity 10,000 units. They have storage capacity 20,000 units. The average inventory would be :
  - (a) 20,000
  - (b) 5,000
  - (c) 10,000
  - (d) 25,000
6. The danger level can be calculated :
  - (a) Average consumption × lead time to get urgent supplies.
  - (b) Normal consumption × lead time to get urgent supplies.
  - (c) Maximum consumption × lead time to get urgent supplies.
  - (d) Minimum consumption × lead time to get urgent supplies.

7. The method of unit costing is adopted by \_\_\_\_\_.  
(a) Transport Service (b) Steel Industry  
(c) Mines (d) Bicycle Industry
8. Calculate 'Re-order Level' from the following consumption per week : 100–200 units.  
Delivery period : "14–28 days".  
(a) 5600 units (b) 800 units  
(c) 1400 units (d) 200 units
9. The following is a cost of direct materials :  
(a) Freight charges (b) Grease  
(c) Coolant (d) Cotton waste
10. Payment to the following is a cost of direct labour \_\_\_\_\_.  
(a) Machinist (b) Supervisor  
(c) Inspector (d) Sweeper
11. The following are the overhead costs :  
(a) Factory expenses (b) Selling expenses  
(c) Distribution expenses (d) All of the above
12. All the expenses which are incurred for creating and enhancing the demand for products are \_\_\_\_\_.  
(a) Selling expenses (b) Administrative expenses  
(c) Distribution expenses (d) All of the above
13. What is the designation of authority giving the tender mentioned ?  
(a) Top center (b) Bottom left  
(c) Bottom right (d) Top left
14. Which of these is mentioned in Tender ?  
(a) Notice number (b) Signature  
(c) Address of tenderer (d) Courteous leave taking
15. Which of these is not mentioned in a Tender ?  
(a) Date (b) Notice number  
(c) Sign (d) Designation
16. Where is the name of organisation mentioned in a Tender ?  
(a) Top left (b) Top center  
(c) Top right (d) Bottom center

17. The reconciliation statement is prepared for comparing two accounts :  
(a) Trading and P/L A/c (b) Cost Sheet and Financial A/c  
(c) Cost Sheet and Trading A/c (d) Non-trading and P/L A/c
18. When reconciliation statement is prepared ?  
(a) At the end of month (b) At the end of year  
(c) At the end of half month (d) At the half of year
19. Which of these expenses are recorded in Cost A/c ?  
(a) Factory expenses under recovered in Cost A/c  
(b) Office expenses under recovered in Cost A/c  
(c) Income tax paid  
(d) Depreciation over recovered in Cost Sheet
20. The main purpose of preparing reconciliation statement :  
(a) To check arithmetical accuracy of Cost A/c  
(b) To facilitate external control  
(c) To suffer the losses  
(d) To acquire the gain

**SECTION—B**

1. Explain the meaning and scope of Cost Accounting. 4

**OR**

Explain the difference between Cost Accounting and Financial Accounting. 4

2. Explain the types of Cost, methods and techniques of Costing. 4

**OR**

From the following data, for the last twelve months, compute the stock level for a component :

Maximum usage in a month 300 Nos.

Minimum usage in a month 200 Nos.

Average usage in a month 225 Nos.

Time lag in procurement of material :

Maximum 6 months, Minimum 2 months, re-ordering quantity 750 Nos. 4

3. Compute the prime cost from the data given below :

**Rs.**

Opening Stock of raw material 30,000

Closing Stock of raw material 45,000

Carriage inward 15,000

Purchase of raw material 1,50,000

Direct wages 1,50,000 4

**OR**

Find out factory cost from the following information :

	Rs.	
Material consumed	39,336	
Direct wages	33,840	
Factory overhead	15,000	
Work-in-progress (At the beginning)	1,680	
Work-in-progress (At the end)	5,184	
Sale of scrap	672	4

4. A company wants to Quote a Tender for a table. It is estimated that Material costing Rs. 700 and Labour Rs. 300 will be required for a table. Charge factory overheads 40% on Labour and administrative overheads Rs. 80 for each table. 10% profit on selling price is expected. 4

**OR**

Ganesh Cycle Co. has manufactured 3,000 bicycles in the year ending 31st March 2017 for which material and wages were incurred Rs. 1,06,200 and Rs. 1,35,000 respectively.

It is expected that from 1st April 2017 rates of material will increase by 15% and rate of wages will increase by 10%.

Prepare a statement showing prime cost of 1,000 bicycles to be quoted in tender taking into consideration above increase. 4

5. Prepare Reconciliation Statement :

- (i) Net profit as per cost book : Rs. 48,750.  
(ii) Factory overhead shown in cost book Rs. 30,000 and in Profit & Loss A/c Rs. 29,063.  
(iii) Office overhead shown as per cash book Rs. 22,500 and in Profit & Loss A/c Rs. 22,875. 4

**OR**

The Profit & Loss A/c of a manufacturing company for the year ended 31st March 2017 is as follows :

Particulars	Rs.	Particulars	Rs.
Materials	21,000	Sales	62,000
Carriage inward	5,500	Dividend Received	500
Direct wages	16,000		
Works-expenses	5,500		
Office-expenses	6,000		
Goodwill written off	1,000		
Net profit	7,500		
	62,500		62,500

The net profit shown by Cost A/c for the year is Rs. 7,200. After comparison of both the accounts, it is found that, in Cost Accounts, Overheads are charged as follows :

Works-overheads	Rs. 6,150
Office-overheads	Rs. 5,650

Prepare reconciliation statement.

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## SECTION—C

1. (a) Explain the difference between Cost Accounting and Management Accounting. 8

**OR**

- (b) Explain the meaning, limitations, and principles of Cost Accounting. 8
2. (a) 'Q' Ltd. used a type of material 'B' for product of 'X' of the product. The relevant monthly data for the component are as given below :

Normal usage (in units)	150
Minimum usage (in units)	100
Maximum usage (in units)	250
Re-order quantity (in units)	900
Re-order period (in months)	3 to 4

**Calculate :**

- (a) Re-order Level  
(b) Minimum Level  
(c) Maximum Level  
(d) Average Stock Level.

**OR**

- (b) Materials X and Y are used as follows :—

Maximum usage — 150 units each per week.

Minimum usage — 50 units each per week.

Normal usage — 100 units each per week.

Ordering quantities  $X = 600$  units

$$Y = 1000 \text{ units}$$

Delivery period      X = 4 to 6 weeks

Y = 2 to 4 weeks.

Calculate for each material :

- (a) Minimum level  
(b) Maximum level  
(c) Order level

3. (a) Prepare a Statement of Cost from the following information of Zenith Manufacturing Company for the year ended, 31st March, 2017 :

**Opening Stock : Rs.**

Raw material	22,000
Finished goods (1,570 units)	1,57,000
Work-in-progress	30,000

**Closing Stock :**

Raw materials	21,000
Finished goods (1,820 units)	1,82,000
Work-in-progress	50,000
Carriage	17,800
Octroi duty	3,200

Wages — 80,000, Labour hours at the rate of Rs. 3 per Labour hour.

Material purchase Rs. 3,00,0000.

Works overhead @ Rs. 2/- labour hour.

Administrative overheads 25% of works cost.

Selling overheads @ Rs. 25 per unit sold.

Units manufactured 7,250 units.

Selling price Rs. 156.25 per unit.

Find out per unit profit also.

8

OR

- (b) The following information has been taken from the Cost Accounting records of a manufacturing company :

	<b>Rs.</b>
Raw material purchased	24,000
Direct labour	20,000
Work-on-cost	8,400

**Stock-on 1<sup>st</sup> Jan. 2017 :**

Raw material	4,400
Finished goods (1600 quintals)	?

**Work-in progress :**

Jan. 1 <sup>st</sup> 2017	960
31 <sup>st</sup> Dec. 2017	3,200
Office and administrative overheads	1,600
Sales (Finished product)	60,000

Advertising, discount allowed and selling cost is 0.40 per quintal. During the year 12,800 quintals of commodity were produced.

Calculate the cost of production and find out the profit.

8

4. (a) From the following particulars, prepare Cost Sheet and Statement of Tender :

Opening stock of Raw Material	10,000
Material purchase	2,00,000
Productive wages	1,80,000
Sales	6,00,000
Closing stock of raw material	20,000
Factory expenses	40,000
Office overheads	52,000

For the tender statement, material will be Rs. 1,20,000 and wages of Rs. 90,000.  
Tender is to be made at a profit of 20%. 8

**OR**

- (b) Vijay Scooter manufactured 175 Scooters in the year 2017 at a production cost of Rs. 33,46,875 which he sold @ Rs. 27,000 each. Analysis of cost is as follows :

	<b>Rs.</b>
Materials	14,35,000
Wages	16,62,500
Works-overheads	2,49,375
Administrative overheads	2,67,750
Selling overheads	3,50,000

Vijay Scooters intends to manufacture and bid a tender for 200 Scooters in 2018 by reducing selling price by Rs. 1,000 per Scooter. You are required to estimate per Scooter profit he may earn in 2018.

Keep the following details in the mind :

- (1) Material cost will go up by Rs. 300 per Scooter.
- (2) Wages will go down by Rs. 400 per Scooter.
- (3) Percentage of works-on cost to direct wages will remain the same as was in 2017.
- (4) Administrative overheads will be reduced by Rs. 20 per Scooter.
- (5) Selling overheads per Scooter will be reduced by 25%. 8

5. (a) From the following particulars, prepare :

- (1) Cost Statement, calculating factory-on-cost at 25% on prime cost and office on-cost of 75% on factory-on-cost. Selling price is to be fixed at cost +25%.
- (2) Profit & Loss A/c
- (3) Reconciliation Statement :

<b>Stock (31.03.2017) :</b>	<b>Rs.</b>
Raw materials	36,000/-
Finished goods	12,000/-

**Stock (31.03.2016) :**

Raw materials	24,000
Finished goods	48,000
Purchase of Raw Material	1,44,000
Wages	60,000
Sales	3,90,000
Factory-on-cost	46,500
Office-on-cost	36,600

8

**OR**

- (b) Following information are obtained from cost records of Harish Electronics Comp. Ltd. Prepare cost sheet, financial account, and Reconciliation Statement.

Two types of product were manufactured :

Particulars	Product A	Product B
Units produced	100	200
Material per unit	30	25
Wages per unit	50	55
Sales per unit	135	170

Works-on-cost 50% of wages, office on cost 20% on work-cost, Actual works-on-cost Rs. 10,000 and Actual office-on-cost Rs. 5,000.

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