



Name :

Roll No. :

Invigilator's Signature :

CS/MBA (OLD)/SEM-3 (FT & PT)/MB-302/2010-11

2010-11

COST ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 ∞ 1 = 10

- i) Book-keeping is connected with
 - a) Cost Accounting
 - b) Value analysis
 - c) Financial Accounting
 - d) None of these.
- ii) Golden rules are required for
 - a) decision making process
 - b) supply of fund
 - c) production process
 - d) book-keeping.



- iii) Trial balance is prepared after
 - a) Ledger posting
 - b) Balance Sheet preparation
 - c) Profit & Loss Account
 - d) Ratio Analysis.
- iv) Cash flow is a part of
 - a) Inventory valuation b) Financial Statement
 - c) Break-even analysis d) All of these.
- v) The chief objective of cost accounting is to
 - a) earn more profit
 - b) increase production
 - c) provide information for management for planning and control
 - d) fix the prices.
- vi) Cost accounting differs from financial accounting in respect of
 - a) recording cost
 - b) ascertaining cost
 - c) control of cost
 - d) reporting of cost.
- vii) Fixed cost per unit increases when
 - a) variable cost per unit increases
 - b) variable cost per unit decreases
 - c) production value increases
 - d) production volume decreases.



- viii) Increase in total variable cost happens due to
- a) increase in fixed cost
 - b) increase in sales
 - c) increase in production
 - d) increase in semi-variable cost.
- ix) If the total of production cost is Rs. 40,000 and 20% of sale price is the profit to be added to cost, what will the profit ?
- a) Rs. 6,000
 - b) Rs. 8,000
 - c) Rs. 10,000
 - d) Rs. 12,000.
- x) Time wages are guaranteed in
- a) Halsey Plan and Rowan Plan
 - b) only Halsey Plan
 - c) only Rowan Plan
 - d) none of these.
- xi) Job costing is used in
- a) Interior Decoration
 - b) Shoe Manufacturing
 - c) Bridge Construction
 - d) None of these.
- xii) Working capital is also called
- a) Revolving capital
 - b) Human capital
 - c) Net capital
 - d) Net inventory.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Two components *A* and *B* are used as follows :

Normal usage	—	60 per week each
Minimum usage	—	30 per week each
Maximum usage	—	90 per week each
Re-ordering quantity	—	<i>A</i> : 500, <i>B</i> : 800
Re-ordered period	—	<i>A</i> : 3 to 5 weeks, <i>B</i> : 2 to 4 weeks.

Calculate for the component :

- a) Re-ordering level
 - b) Minimum level
 - c) Maximum level
 - d) Average stock level.
3. From the following data calculate :
- i) Break-even point expressed in units and in amount of sales in rupees.
 - ii) Number of units that must be sold to earn a profit of Rs. 6,00,000 p.a.

Sales price	—	Rs. 20 per unit
Variable cost	—	Rs. 14 per unit
Fixed overheads	—	Rs. 7,92,000 p.a.

4. Differentiate between bin card and stores ledger.



5. X Ltd. made sales of Rs. 1,00,000 during a certain period. The net profit for the same period was Rs. 10,000 and fixed overheads were Rs. 15,000. Find out
- P/V ratio
 - Break-even sales
 - Volume of sales to earn a profit of Rs. 15,000
 - Net profit from the sales of Rs. 1,50,000.
6. What do you mean by uniform costing ? Give two situations where uniform costing is used in the Corporate World.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Ace Ltd. manufactures a product and the following particulars are collected for the year ended March, 2010 :

Monthly demand (Units)	1,000
Cost of placing on order (Rs.)	100
Annual carrying cost (Rs. per unit)	15
Normal usage (units per week)	50
Minimum usage (units per week)	25
Maximum usage (units per week)	75
Recorded period (weeks)	4-6

You are required to calculate :

- Reorder quantity
- Reorder level
- Minimum level
- Maximum level
- Average stock level.



8. The expenses budgeted for production of 10,000 units in a factory is furnished below :

	Rs.
Materials	140
Labour	50
Variable overheads	40
Fixed overheads (Rs. 2,00,000)	20
Variable expenses (direct)	10
Selling expenses (10% fixed)	26
Distribution expenses (20% fixed)	14
Administration expenses (Rs. 1,00,000)	10
Total cost of sales per unit	310

Prepare a Budget for Production of (a) 8,000 units, and (b) 6,000 units. Assume that administration expenses are rigid for all levels of production.

9. a) Is Cost Accounting same as Management Accounting ? Justify your answer.
 b) What are the various concepts of classification of cost ? Why is it necessary to classify costs ?
10. Write short notes on any *three* of the following :
- a) BEP
 - b) Perpetual Inventory system
 - c) Labour Turnover
 - d) Time Rate System and Piece Rate System
 - e) Cost Audit
 - f) Imputed Cost.



11. A Ltd. produces an item which passes through two processes before it can be sold. In July, 2010, the relevant data were :

	Process I	Process II
Basic material input (5,000 units)	Rs. 15,000	—
Process material added	—	Rs. 4,080
Direct labour	Rs. 17,050	Rs. 15,840
Direct expenses	Rs. 11,950	Rs. 9,330
Output (units)	4,500	4,000
Normal loss as a percentage of input	15	10
Scrap value of each lost unit	Rs. 2	Rs. 3

There was no stock at the start or at the end of either process.

You are required to show Process I and II accounts, Normal loss account, Abnormal loss account and Abnormal gain account.
