MAY 2014

# B.COM PROFESSIONAL
# BCOP 403 COST ACCOUNTING-I

Roll No__________

Time Allowed- 03 Hrs Max Marks-60

Note: Section A carries ten sub-questions and all are compulsory. Each question carries two marks. Attempt any four questions from Section B. Each question carries ten marks.

## Section-A

Q1. Write short note on Cost Centre.

Q2. Define a 'Bin Card'?

Q3. Calculate Economic Batch Quantity:
Total number of units to be produced in a year: 10,000
Unit set-up cost per batch: Rs. 200.
Carrying cost per unit of production: Rs. 0.10 per unit

Q4. Define 'Machine Hour Rate'.

Q5. Time rate Rs. 2 per hour; Standard Time 10 hours; Time Taken 8 hours; Calculate wages according to Halsey Weir- Scheme from above data.

Q6. What do you mean by Break Even Point?

Q7. Distinguish between Marginal Costing and Differential Costing.

Q8. Write short note on Material Usage Variance.

Q9. What do you mean by life cycle costing?

Q10. Calculate the efficiency ratio:

| | | | |
|---|---|---|---|
| Budgeted production | 88 units | Actual production | 75 units |
| Standard hours per unit | 10 | Actual working hours | 600 |

## Section-B

Q1. What is Cost Accounting? What are its advantages as compared to financial accounting?

Q2. The following data relate to a particular item in stock:

| | |
|---|---|
| Normal usage | 110 units per day |
| Minimum usage | 50 units per day |
| Maximum usage | 140 units per day |
| Lead Time | 25-30 days |
| EOQ | 5000 units |

Using the data, calculate the Re-order, Minimum and Maximum Levels.

Q3. From the following information given by a manufacturing company which manufactures a product, you are required to prepare Process Accounts.

| | Process I | Process II | Process III |
|---|---|---|---|
| | Rs. | Rs. | Rs. |
| Direct Materials | 30,000 | 7,500 | 7,500 |
| Direct Wages | 22,500 | 15,000 | 15,000 |
| Closing Stock | 7,500 | 8,750 | 21,300 |

Finished goods is sold for Rs. 1,30,000 value of closing finished stock is Rs. 5,112. It is the policy of the company to charge 20% on transfer price or 25% on cost price while transferring the goods from Process I to II and 20% on cost price from II to III and from III to the finished stock.

Q4. 'Activity Based Costing has been developed because traditional product costing has certain limitations'. Discuss.

Q5. Comment on 'Variance analysis is an integral part of standard costing system'.

Q6. A company has the capacity of producing 80,000 units and presently it sells 20,000 units at Rs. 100 per unit. The demand is sensitive to selling price and it has been observed that with every reduction of Rs. 10 in selling price, the demand is doubled. What should be the target cost at full capacity if profit margin on sale is taken as 25%?

END