

[4]

400 tonnes of special paper was manufactured and sold @ ₹2000 per tonne and @ ₹8000 was realised by the sale of waste material during the course of manufacture. The scrap value of the special equipment and dyes after utilisation in manufacture is nil.

- Q.5 i. What are overheads? How should overhead be classified? **4**
 ii. What do you mean by under absorption and over absorption of overheads? **6**
 OR iii. Discuss the various methods of allocating the works overhead charges. **6**
- Q.6 Attempt any two:
 i. Define 'Standard cost' and 'Standard Costing'. **5**
 ii. What do you understand by break-even point? **5**
 iii. A product is sold at a price of ₹120 per unit and its variable cost is ₹80 per unit. The fixed expenses of the business are ₹8000 per year. Find,
 (a) BEP in amount and units,
 (b) profit made when sales are 240 units,
 (c) sales to be made to earn a net profit of ₹5000 for the year.

Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Commerce
 End Sem (Even) Examination May-2022
 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. Process costing is suitable for _____. **1**
 (a) Hospitals (b) Oil refining firms
 (c) Transport firms (d) Brick laying firms
- ii. _____ is an extension of job costing. **1**
 (a) Process costing (b) Batch costing
 (c) Contract costing (d) Operation costing
- iii. Minimum level = Re-order level – (_____ x Normal re-order period). **1**
 (a) Minimum consumption (b) Maximum consumption
 (c) Normal consumption (d) Both (a) and (b)
- iv. The two aspects of material control are accounting aspect and _____ aspect. **1**
 (a) Financial (b) Economic (c) Social (d) Operational
- v. The total of all direct expenses is known as: **1**
 (a) Total cost (b) Overhead (c) Prime cost (d) Work cost
- vi. Direct expenses are also called _____. **1**
 (a) Major expenses (b) Chargeable expenses
 (c) Overhead expenses (d) Sundry expenses
- vii. The process of distribution of overheads allotted to a particular department or cost center over the units produced is called _____. **1**
 (a) Allocation (b) Apportionment
 (c) Absorption (d) Distribution

P.T.O.

[2]

- viii. If an item of overhead expenditure is charged specifically to a single department this would be an example of _____. **1**
 (a) Allocation (b) Apportionment
 (c) Absorption (d) Re-apportionment
- ix. Break-even point is also known as _____ point. **1**
 (a) Total cost (b) Total revenue
 (c) No profit no loss (d) Contribution
- x. What will be the impact on B.E.P if variable costs are reduced? **1**
 (a) Decrease (b) No change
 (c) Increase (d) None of these
- Q.2 i. Discuss the objectives of cost accounting. **3**
 ii. What do you mean by elements of cost? Discuss the various elements of cost. **7**
- OR iii. Differentiate between Financial and Cost accounting. **7**
- Q.3 i. Define inventory control. Why is inventory control necessary? **3**
 ii. The following receipts and issues of materials were made during the month of January. **7**
- | | |
|------------|--|
| January 1 | Opening stock, 80 units @ ₹ 10 each |
| January 7 | Received from vendors 40 units @ ₹ 11 each |
| January 12 | Received from vendors 60 units @ ₹ 12 each |
| January 22 | Received from vendors 72 units @ ₹ 13 each |
| January 4 | Issued 60 units |
| January 9 | Issued 40 units |
| January 14 | Issued 40 units |
| January 30 | Issued 80 units |
- Prepare the Stores Ledgers maintained under
 (a) FIFO methods (b) LIFO methods.
- OR iii. 2000 kgs of Art Board valued at ₹8000 were issued for the manufacture of medium sized cartons. The following details were collected: **7**
- (a) 2400 Nos. medium sized cartons weighting 0.50 kg each were manufactured.
 (b) 480 kg of offcuts were used for the manufacture of small sized carton. This would have amounted to ₹1000.

[3]

- (c) 320 medium sized cartons were damaged and rectification costs came up to ₹160.
 (d) 120 kg of offcuts were sold as scrap for ₹20.
 You are required to calculate the cost of one medium sized carton assuming that there is no opening or closing stocks.
- Q.4 i. What is meant by process costing? State the industries where is it to be used. **3**
 ii. A product passes through two processes, A and B. During the month ended June 30, 1500, units were produced. The detailed cost break-up is as follows: **7**
- | | Process A | Process B |
|------------------|-----------|-----------|
| Direct materials | ₹ 90000 | ₹ 75000 |
| Direct labour | ₹ 75000 | ₹ 150000 |
| Direct expenses | ₹ 15000 | ₹ 18000 |
- Indirect overhead costs during the period were ₹ 60000 apportioned to the processes on the basis of direct labour cost. No work-in-progress existed at the beginning and end of the period.
 Prepare relevant process accounts.
- OR iii. Work out, in cost sheet form, the unit cost of production per tonne of special paper, manufactured by a paper mill in March of the current year from the following data: **7**
- Direct materials:
 Paper pulp 500 tonnes @ ₹500 per tonne
 Other materials 100 tonnes @ ₹300 per tonne
 Direct labour:
 80 skilled men @ ₹30 per day for 25 days
 40 unskilled men @ ₹20 per day for 25 days
 Direct expenses:
 Special equipment ₹ 30000
 Special dyes ₹ 10000
 Works/factory overheads:
 Variable @ 100 percent and fixed @ 60 percent on direct wages
 Administrative overhead @ 10 percent of factory cost
 Selling and distribution overhead @ 15 percent on work cost.

P.T.O.

Marking Scheme
CM3CO13 Cost Accounting

Q.1	i.	Process costing is suitable for _____.	1
		(b) Oil refining firms	
	ii.	_____ is an extension of job costing.	1
		(b) Batch costing	
	iii.	Minimum level = Re-order level – (_____ x Normal re-order period).	1
		(c) Normal consumption	
	iv.	The two aspects of material control are accounting aspect and _____ aspect.	1
		(d) Operational	
	v.	The total of all direct expenses is known as:	1
		(c) Prime cost	
	vi.	Direct expenses are also called _____.	1
		(b) Chargeable expenses	
	vii.	The process of distribution of overheads allotted to a particular department or cost center over the units produced is called _____.	1
		(c) Absorption	
	viii.	If an item of overhead expenditure is charged specifically to a single department this would be an example of _____.	1
		(a) Allocation	
	ix.	Break-even point is also known as _____ point.	1
		(c) No profit no loss	
	x.	What will be the impact on B.E.P if variable costs are reduced?	1
		(a) Decrease	
Q.2	i.	Any three objectives of cost accounting	(1 mark * 3) 3
	ii.	Elements of cost	2 marks 7
		Various elements of cost	5 marks
OR	iii.	Difference between Financial and Cost accounting.	7
		1 mark for each difference	(1 mark * 7)
Q.3	i.	Inventory control	1 mark 3
		Necessity of inventory control	2 marks
	ii.	(a) FIFO methods	3.5 marks 7
		(b) LIFO methods	3.5 marks

OR	iii.	You are required to calculate the cost of one medium sized carton assuming that there is no opening or closing stocks.	7
		Proportionate marking	
Q.4	i.	Process costing	2 marks 3
		Industries where is it to be used	1 mark
	ii.	Prepare relevant process accounts.	7
		Proportionate marking	
OR	iii.	Work out, in cost sheet form, the unit cost of production per tonne of special paper, manufactured by a paper mill in March of the current year from the following data:	7
		Proportionate marking	
Q.5	i.	Overheads	1 mark 4
		Overhead classified	3 marks
	ii.	Under absorption	3 marks 6
		Over absorption of overheads	3 marks
OR	iii.	Methods of allocating the works overhead charges.	6
		As per the explanation	
Q.6		Attempt any two:	
	i.	Standard cost	2 marks 5
		Standard Costing	3 marks
	ii.	What do you understand by break-even point?	5
		As per Explanation	
	iii.	(a) BEP in amount and units,	5
		(b) profit made when sales are 240 units,	
		(c) sales to be made to earn a net profit of ₹5000 for the year.	
		Proportionate Marking	
