

**BACHELOR OF COMMERCE [HONS]
FOURTH SEMESTER
COST ACCOUNTING
BCM – 401**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

Marks: 20

(Objective)

1 × 20 = 20

Choose the correct answer from the following:

1. The basic objective of cost accounting is:
 - a. Tax compliance
 - b. Financial audit
 - c. Cost ascertainment
 - d. Profit analysis
2. Overhead cost is the total of:
 - a. All direct cost
 - b. All indirect cost
 - c. Indirect and direct cost
 - d. None of the above
3. Total of all direct costs is termed as:
 - a. Prime cost
 - b. Works cost
 - c. Cost of sale
 - d. Cost of production
4. Classification of cost is useful:
 - a. To find gross profit
 - b. To find net profit
 - c. To identify cost
 - d. To identify efficiency
5. Goods received note is prepared by:
 - a. Purchase Department
 - b. Stores Department
 - c. Finance Department
 - d. Sales Department
6. Insurance charges of materials cost fall under:
 - a. Ordering cost
 - b. Inventory carrying cost
 - c. Stock out cost
 - d. Procurement cost
7. Under _____ bonus is paid to the workers in proportion to time saved and time allowed
 - a. Rowan plan
 - b. Halsey plan
 - c. Piece rate
 - d. Time rate
8. Direct labour _____
 - a. Can be conveniently allocated to cost center or cost unit
 - b. Is part of the prime cost
 - c. Can be controlled
 - d. All of the above
9. Job costing is _____
 - a. Applicable to all industries regardless of the product or services provided
 - b. Suitable where similar products are provided on mass sale
 - c. A method of costing used for non-standard and non-repetitive products
 - d. None of the above

10. In which of the following industries, process costing cannot be applied?
 a. Paper mills
 b. Dairy industry
 c. Iron and steel industry
 d. Transportation industry
11. _____ can be estimated in advance based on past experiences or industry specific statistics.
 a. Abnormal loss
 b. Normal loss
 c. Normal gain
 d. Abnormal gain
12. Normal loss is _____
 a. Avoidable
 b. Unavoidable
 c. Both a and b
 d. None of the above
13. If work certified is less than _____ then it is prudent not to recognize any profit in the Profit & Loss Account
 a. 20%
 b. 33%
 c. 25%
 d. 50%
14. Contract costing is normally applicable in _____
 a. Construction works
 b. Cement industry
 c. Textile mills
 d. Chemical industry
15. Total of work certified and work uncertified is known as:
 a. Work in process
 b. Work in progress
 c. Work completed
 d. Notional work
16. Service costing is also known as:
 a. Uniform costing
 b. Welfare costing
 c. Operating costing
 d. All of the above
17. Which of the following is an example of an activity that would be included in an activity based costing system?
 a. Rent expense
 b. Direct material cost
 c. Machine setup time
 d. Purchase of raw materials
18. Inspections are an example of which activity level group?
 a. Unit level activity
 b. Batch level activity
 c. Product level activity
 d. Facility level activity
19. Activity based costing brings accuracy and reliability in product cost determination by focusing on _____ in cost incurrence.
 a. Cause and effect relationship
 b. Cost absorption
 c. Cost allocation
 d. Cost apportionment
20. Dividing departmental costs into activity cost pool is known as:
 a. First stage allocation
 b. Second stage allocation
 c. Third stage allocation
 d. Fourth stage allocation

-- -- --

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. From the following particulars, find out the value of closing inventory as on 15.4.2021 using both LIFO and FIFO method: 10

Stock as on 1.4.2021: 100 kg @ Rs. 5 per kg

Purchases:

5.4.2021: 300 kg @Rs. 6 per kg

8.4.2021: 500 kg @ Rs. 7 per kg

12.4.2021: 600 kg @ Rs. 8 per kg

Issues:

6.4.2021:250 kg

10.4.2021:400 kg

14.4.2021:500 kg

2. What do you mean by cost accounting? Name two industries where maintenance of cost records is mandatory. Explain the advantages of preparing cost accounts. 3+2+5=10

3. Discuss the meaning and features of overheads. Differentiate between allocation and apportionment of overheads. 5+5=10

4. Kamrup Ltd. has five cost centers out of which X, Y, and Z are production departments and M and N are service departments. The cost records show the following overheads during a given period. Apportion the cost to various cost centers based on the most suitable basis and finally re-apportion the overheads of service departments to production departments. The expenses of service departments M and N are shared by the production departments X, Y and Z in the ratio 2:1:2. 10

Rent and taxes	Rs. 20,000
Depreciation (factory machine)	Rs. 40,000
Power	Rs. 6,000
Lighting	Rs. 2,400
Indirect wages	Rs. 6,000
Employee welfare	Rs. 40,000

Particulars	X	Y	Z	M	N
Floor space occupied (sq. ft.)	4000	5000	6000	4000	1000
Direct wages (Rs.)	6000	4000	6000	3000	1000
Horse power of machines	120	60	100	20	
Machine cost (Rs.)	120000	160000	200000	10000	10000

5. a) Explain the concept of job costing and batch costing with examples of industries where they are applicable. 5+5=10
 b) Differentiate between process costing and job costing.

6. From the following information, prepare process cost accounts showing per unit cost of output for each process. Also show the appropriate working notes. 10

Particulars	Process A (Rs.)	Process B (Rs.)
Other materials	25000	10000
Wages	30000	19697
Manufacturing expenses	9000	9000
Factory expenses	6000	6000
Overheads	9520	-

- Raw materials introduced in Process A is 5000 units costing a total of Rs. 25000/-.
- Normal wastage for Process A is 5% and Process B is 10% of the inputs.
- Output from Process A is 4700 units and from Process B is 4150 units.

7. From the following particulars of a contract that began on 1.1.2020, prepare Contract Account for the year ended 31.12.2020 showing the amount of profit to be transferred to Profit & Loss Account of the year. 10

Particulars	Amount (Rs.)
Contract price	500000
Machinery	30000
Materials	170600
Wages	148750
Direct expenses	6330
Outstanding wages	5380
Overheads	8240
Materials returned	1600
Materials in hand on 31.12.2020	3700
Machinery in hand on 31.12.2020	22000
Work certified	3900000
Work uncertified	9000
Cash received	351000

8. What is activity based costing and what are the stages in activity based costing. Also describe the components of activity based costing. 5+5=10

= = *** = =