

**MODEL TEST PAPER**  
**COST ACCOUNTING**  
**BC-302**

Time: Three Hours

Maximum marks 80

**Note: Attempt five questions in all, selecting at least one question but not more than two questions from each unit. All questions carry equal marks.**

**Unit-I**

**1** Define cost accounting. Explain the objectives and methods of cost accounting. 16

**2** (a) A manufacture's requirement for raw material is 8000 units per year. The ordering cost is Rs 10 per order, while the carrying cost is 10% per unit of average inventory. For order for less than 4000 units, there is no discount on the purchase price of Rs 1 per unit but a discount of 5% is available, if order for 4000 units are placed and a discount of 10% for one single order of 8000 units. Which of the three ways of purchase should be the manufacture adopt?

(b) Explain the factors affecting the size of Economic order quantity. 10+6

**3** (a) Explain the factors to be considered for implementation of Incentives Schemes

(b) For a certain work order, the standard time is 20 hours, wages Rs 5 per hour, the actual time taken is 13 hours and factory overheads charges are 80% of the standard time. Set out a comparative statement showing the wages paid and employer saving according to

(i) Halsey Premium Plan, and (ii) The Rowan Premium Plan 10+6

**Unit- II**

**4** Write note on following

(a) Bases for primary distribution of overheads

(b) Accounting for under and over absorption of overheads 8+8

**5** A firm manufactured and sold 1000 typewriters in the year 2021, it's summarized Trading and Profit& Loss account for the year 2021 is set out below:

| Particulars                 | Amount        | Particulars         | Amount        |
|-----------------------------|---------------|---------------------|---------------|
| To Cost of Materials        | 80000         | By Sales            | 400000        |
| To Direct Wages             | 120000        |                     |               |
| To manufacturing Expenses   | 50000         |                     |               |
| To Gross Profit c/d         | 150000        |                     |               |
|                             | <b>400000</b> |                     | <b>400000</b> |
| To Management& Staff Salary | 60000         | By Gross Profit b/d | 150000        |
| To Rent, Rates & Insurance  | 10000         |                     |               |
| To General Expenses         | 20000         |                     |               |
| To Selling Expenses         | 30000         |                     |               |
| To Net Profit               | 30000         |                     |               |
|                             | <b>150000</b> |                     | <b>150000</b> |

For the year 2022 it is estimated that:

(i) The output and sale will be 1200 typewriters

(ii) Price of material will rise by 20% on the previous year's level

(iii) Wages rate will rise by 5%

(iv) Manufacturing charges will increase in proportion of the combined cost of material and wages

(v) Selling cost per unit will remain unchanged

(vi) Other expenses will remain unaffected by the rise in output  
 Prepare a statement showing the price at which the typewriters manufactured in year 2022 should be marketed so as to show a profit of 10% on selling price 16

**6** What do you mean by Reconciliation of Cost and Financial accounts. Discuss the possible causes of difference between the Financial and Cost Profits. 16

### Unit –III

**7** What is Transport Operating Costing? Discuss the objectives and accounting procedure for calculation of cost of transport services under transport operating costing. 16

**8** A factory producing Article X also yields Y and Z as by-products. The joint cost of manufacture is:

|                              | Rs           |
|------------------------------|--------------|
| Material                     | 10000        |
| Labour                       | 2000         |
| Factory and Office Overheads | 8000         |
|                              | <b>20000</b> |

Subsequent separate costs are as under:

|                                 | X           | Y           | Z           |
|---------------------------------|-------------|-------------|-------------|
| Material                        | 1500        | 1300        | 1000        |
| Labour                          | 200         | 150         | 100         |
| Factory and Office Overheads    | 800         | 550         | 400         |
|                                 | <b>2500</b> | <b>2000</b> | <b>1500</b> |
| Sale Value                      | 20000       | 15000       | 10000       |
| Estimated profit on sale values | 30%         | 25%         | 20%         |

Assume that selling and distribution expenses are in proportion of sale value. Show how you would propose to apportion the joint cost of manufacture and prepare the necessary accounts of X, Y and Z. 16

**9** The standard Mix of a product is:

- X 60 units @ 15 paisa per unit
- Y 80 units @ 20 paisa per unit
- Z 100 units @ 25 paisa per unit

Ten units of finished products are obtained from this mix. During the month of March, ten mixes were completed and the consumption was

- X 640 units @ 20 paisa per unit
- Y 960 units @ 15 paisa per unit
- Z 840 units @ 30 paisa per unit

Actual output was 90 units

Calculate Material Variances 16

**10** Define Budgetary Control. Explain the essential steps for installation of budgetary control system in business organization. 16