

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 fundamental principles and functions of cost accounting. **16**

2 (a) What is meant by material control? Explain objectives of material control.

(b) The followings are the particulars of the receipts and issues of material in factory during March 2019:

March 1	Opening balance	500 kg @ Rs.25.00 per kg
8	Issued	250 kg
13	Received from vendors	200 kg @ Rs. 24.50 per kg
14	Return of surplus from a work order	15 kg @ Rs. 24 per kg
16	Issued	180 kg
20	Received from vendor	240 kg @ Rs. 24.37 per kg
24	Issued	304 kg
25	Received from vendor	320 kg @ Rs. 24.31 per kg
26	Issued	112 kg
27	Return of surplus from a work order	12 kg @ Rs. 24.50 per kg
28	Received from the vendor	100 kg @ Rs. 25.00 per kg
29	Return to vendor	50 kg

The store verifier of the factory noted that on 15th March there was shortage of 5 kg. and on 27th March the another shortage of 8 kg

Write out the complete Store Ledger Account in respect of the above material using FIFO method **6+10**

3 Explain the following

(a) The causes of labour turnover and its effect on production cost

(b) Halsey premium scheme and Rowan premium scheme

8+8

Unit- II

4 Explain Factory Overheads. Discuss the methods of primary and secondary distribution of factory overheads. **16**

5 In respect of a factory the following figures have been obtained for the year 2019

Cost of Materials	Rs. 600000
Wages for Labours	Rs. 500000
Factory Overheads	Rs. 300000
Administration Charges	Rs. 336000
Selling Charges	Rs. 224000
Distribution Charges	Rs. 140000
Profit	Rs. 420000

A work order has been executed in 2020 and the following expenses have been incurred:

Materials	Rs 8000
Labour	Rs 5000

Assuming that in 2020 the rate of factory overheads has gone up by 20%; distribution charges have gone down by 10% and selling and administration charges have each gone up by 12.5%, at what price the product be sold so as to earn the same rate of profit as it was in 2019. Factory overheads are based on direct labour and administration, selling, distribution on factory cost.

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6 What are the possible causes of differences in cost and financial profits? Discuss the purpose of reconciliation statement.

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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.

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8 The product of a company passes through three distinct processes to completion. From past experience it is ascertained that wastage is incurred in process as under:

Process A 2%; Process B 5%; Process 10%

The wastage of Process A and B is sold at Rs 10 per 100 units and that of Process C at Rs 80 per 100 units

Following is the information regarding the production of March 2019:

	Process A	Process B	Process C
	Rs.	Rs.	Rs.
Materials	12000	8000	4000
Direct Labour	16000	12000	6000
Machine Expenses	2000	2000	3000
Other Factory Expenses	3500	3800	4200

20000 units have been issued to process A at a cost of Rs. 20000. The output of each process has been as under:

Process A 19500 units; Process B 18800 units; Process C 16000 units

There was stock or work in progress in any process in the beginning and at the end of March. Prepare Process Cost Accounts and normal wastage, Abnormal wastage and Abnormal gain accounts.

16

9 The Standard Cost of Chemical Mix is :

X: 4 Tons @ Rs. 16 per Ton

Y: 8 Tons @ Rs. 18 per Ton

Standard Yields is 80 % of Input.

The actual cost for period is

X: 6 Tons @ Rs. 9 per Ton

Y: 7 Tons @ Rs. 15 per Ton

Actual Yield is 10 Tons

Compute Material variance and established relationship among them

16

10 Explain the meaning of Marginal Costing. Discuss the advantages and limitations of Marginal Costing.

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