

**Roll No.**

[illegible]

**Total No. of Pages : 03**

**Total No. of Questions : 09**

## B.Com. (Hons.) (Sem-2)

# COST ACCOUNTING

**Subject Code : BCOM-201-18**

**M.Code : 75828**

**Date of Examination : 02-06-2023**

**Time : 3 Hrs.**

**Max. Marks : 60**

**INSTRUCTIONS TO CANDIDATES :**

1. **SECTION-A is COMPULSORY** consisting of **TEN** questions carrying **TWO** marks each.
2. **SECTION-B** consists of **FOUR** Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains **TWO** questions each, carrying **TEN** marks each.
4. Student has to attempt any **ONE** question from each Sub-section.

## SECTION-A

**1. Write briefly :**

- a) Explain three limitations of management accounting.
- b) What is break-even-point?
- c) How fixed cost differ from variable cost?
- d) Define material cost.
- e) Discuss in detail benefits of marginal costing.
- f) Define absorption cost.
- g) Discuss the significance of sunk cost.
- h) What do you mean by process costing?
- i) Define back flush costing.
- j) Define target costing.

## SECTION-B

### UNIT-I

2. Define cost accounting. Discuss in detail objectives, advantages and disadvantages of cost accounting. How to prepare cost sheet, explain with the help of example?
3. Discuss in detail how effective system of cost accounting can be designed and installed.

### UNIT-II

4. Define overhead. Discuss in detail classification, absorption and apportionment of overheads.
5. Discuss in detail with the help of example methods of wage payment.

### UNIT-III

6. What do you mean by reconciliation of cost and financial accounts? Discuss in detail need for reconciliation of cost and financial accounts and problems in preparation of reconciliation statements.
7. A Company producing two products X and Y faces the problem of labour shortage. Maximum labour hours available in a month are 10,000 hours. The following other information is available :

|                    | Product X (Rs) | Product Y(Rs) |
|--------------------|----------------|---------------|
| Material Cost      | 6.00           | 6.00          |
| Direct Labour Cost |                |               |
| 10 hours @ Re 1.00 | 10.00          |               |
| 5 hours @ Re 1.00  |                | 5.00          |
| Variable Overheads | 4.00           | 2.00          |
| Fixed Overheads    | 5,000          | 5,000         |
| Selling price      | 30.00          | 20.00         |

Show which product is more profitable? Give proof in support of your answer.

### UNIT-IV

8. nupam International LTD produces three products A, B, C each requiring more than one labour operation. Labour requirement per unit of output is given below :

| Operation | A  | B  | C  |
|-----------|----|----|----|
| 1         | 10 | 20 | 5  |
| 2         | 5  | -  | 10 |
| 3         | 15 | 0  | 5  |

The factory works for 8 hours per day for 26 days in a month. In a month 8 hours are lost due to various reasons. The budgeted hourly rates for the workers in operations 1,2 and 3 are Rs.4, Rs.5 and Rs.6 respectively.

The budgeted production during the Month for the three products is as follows :

|                  |            |
|------------------|------------|
| <b>PRODUCT A</b> | 4000 units |
| <b>PRODUCT B</b> | 6000 units |
| <b>PRODUCT C</b> | 8000 units |

Prepare a labour budget for the month showing for each operation, a) direct labour hour b) direct labour cost and c) the number of workers.

9. ABC Company produces two types of stereo units. Activity data follows:

**Product-costing data**

|                                | <b>Deluxe</b> | <b>Regular</b> | <b>Total</b> |
|--------------------------------|---------------|----------------|--------------|
| <b>Units produced per year</b> | 5,000         | 50,000         | 55,000       |
| <b>Prime cost (Rs.)</b>        | 39,000        | 36,9000        | 4,08,000     |
| <b>Direct labour hours</b>     | 5,000         | 45,000         | 50,000       |
| <b>Machine hours</b>           | 10,000        | 90,000         | 1,00,000     |
| <b>Production runs</b>         | 10            | 5              | 15           |
| <b>Number of moves</b>         | 120           | 60             | 180          |

Activity cost data (overhead activities)

| <b>Activity</b>      | <b>Activity cost (Rs)</b> |
|----------------------|---------------------------|
| Setting up equipment | 60000                     |
| Material handling    | 30,000                    |
| Using power          | 50,000                    |
| Testing              | 40,000                    |
| <b>Total</b>         | <b>1,80,000</b>           |

**Required :**

1. Calculate the consumption ratios for each activity.
2. Group activities based on the consumption ratios and activity level.
3. Calculate a rate for each pooled group of activities.
4. By using the pool rates, calculate unit product costs.

**NOTE : Disclosure of identity by writing mobile number or making passing request on any page of Answer sheet will lead to UMC case against the Student.**