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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

MID TERM EXAMINATION

Even Semester: 2018-19

Course Code: BCL 102

Course Name: Cost Accounting

Programme & Sem: BBA/B.Com.,LLB.(Hons.) & II Sem

Date: 01 April 2019

Time: 2 Hours

Max Marks: 60

Weightage: 30%

Instructions:

- (i) *Give working notes wherever necessary.*

Part A

Answer **all** the Questions. **Each** question carries **five** marks.

(4Qx5M=20)

1. Define cost. Mention its elements.
2. Define Financial Accounting and Cost Accounting.
3. What is Fixed Cost and variable cost?
4. Define cost units with example.

Part B

Answer **all** the Questions. **Each** question carries **eight** marks.

(3Qx8M=24)

5. Define cost accounting. Write its advantages and disadvantages.
6. Explain in brief the objectives of cost accounting.
7. A product passes through three process A, B and C. The normal wastage of each process is as follows: Process A – 3%, Process B – 5% and Process C – 8%. Wastage of Process A was sold at 25 paise per unit, Process B was sold at 50 paise and that of Process C at Re. 1 per unit.
10,000 units were issued to Process A in the beginning of October 2018 at a cost of Re. 1 per unit. The other expenses were as follows:

Particulars	Process A	Process B	Process C
Sundry materials	Rs. 10,000	Rs. 1,500	Rs. 500
Labor	Rs. 5,000	Rs. 8,000	Rs. 6,500
Direct expenses	Rs. 1,050	Rs. 1,188	Rs. 2009
Actual output	9,500 units	9,100 units	8,100 units

Prepare a process costing accounts.

Part C

Answer the Question. **Each** question carries **sixteen** marks.

(1Qx16M=16)

8. From the books of account of M/s. Zen Ltd., the following details have been extracted for the year ending 31 Dec. 2018:

Stock of materials	–	Opening	Rs. 1,88,000
		Closing	Rs. 2,00,000
Materials purchased during the year			Rs. 8,32,000
Direct wages paid			Rs. 2,38,400
Indirect wages			Rs. 16,000
Salaries to administrative staff			Rs. 40,000
Freight	-	Inwards	Rs. 32,000
		Outwards	Rs. 20,000
Sales			Rs. 15,79,800
Bad debts written off			Rs. 18,000
Repairs of plant and machinery			Rs. 42,400
Rent, Rates and Taxes	-	Factory	Rs. 12,000
		Office	Rs. 6,400
Travelling expenses			Rs. 33,600
Salesmen's salaries and commissions			Rs. 28,900
Depreciation written off – plant and machine			Rs. 28,900
		Furniture	Rs. 2,400
Director's fees			Rs. 24,000
Electricity charges (factory)			Rs. 48,000
Fuel (factory)			Rs. 64,000
Sale of scrap			Rs. 500
General charges			Rs. 24,800
Manager's salary			Rs. 48,000

The manager's time is shared between the factory and the office in the ratio of 20:80. From the above details you are required to prepare a cost sheet to show: (a) Prime Cost, (b) Factory Cost, (c) Cost of Production, (d) Total Cost and (e) Profit.



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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Even Semester: 2018-19

Date: 25 May 2019

Course Code: BCL102

Time: 3 Hours

Course Name: Cost Accounting

Max Marks: 80

Program & Sem: BBA/B.Com.,LLB (Hons.) & II Sem

Weightage: 40%

Instructions:

- (i) **Answer the all the questions.**
(ii) **Give working notes wherever necessary.**

Part A

1. Answer **all** the Questions. **Each** question carries **two** marks.

(10Qx2M=20M)

- i. Basic objective of cost accounting is
- a. Tax compliance,
 - b. Financial audit
 - c. Cost ascertainment.
 - d. Profit analysis
- ii. Process costing is suitable of
- a. Hospitals
 - b. Oil refining firms
 - c. Transport firms
 - d. Brick laying firms.
- iii. Cost classification can be done
- a. Two ways
 - b. Three ways
 - c. Four ways
 - d. Several ways
- iv. The cost which is to be incurred even when a business unit is closed is a
- a. Imputed cost
 - b. Historical cost
 - c. Sunk cost
 - d. Shutdown cost
- v. Direct costs are also called
- a. Major expenses
 - b. Chargeable expenses
 - c. Overhead expenses
 - d. Sundry expenses
- vi. Indirect material used in production is classified as
- a. Office overhead
 - b. Selling overhead
 - c. Distribution overhead
 - d. Factory overhead
- vii. Warehouse rent is part of
- a. Prime cost
 - b. Factory cost
 - c. Distribution cost
 - d. Production cost
- viii. Indirect material scrap is adjusted along with
- a. Prime cost
 - b. Factory cost
 - c. Labor cost
 - d. Cost of goods sold
- ix. Tender is an
- a. Estimation of profit
 - b. Estimation of cost
 - c. Estimation of selling price
 - d. Estimation of units

- x. Total direct cost is termed as
- a. Prime cost
 - b. Work cost
 - c. Cost of sales
 - d. Cost of productions

Part B

Answer **all** the Questions. **Each** question carries **ten** marks. (3Qx10M=30M)

2. A workman's wages for a guaranteed 44 hour week is ₹ 7.5 per hour. The estimated time to produce one article is 30 minutes and under the incentive plan, the time allowed is increased by 20 percent. During a week, a worker produced 100 articles. Calculate the wages under each of the following methods: (a) Time rate, (b) Rowan system and (c) Halsey system.
3. Explain the steps to check frauds in payment of wages.
4. In a manufacturing company, a material is used as follows;
- | | |
|---------------------|-----------------------|
| Maximum consumption | 12,000 units per week |
| Minimum consumption | 4,000 units per week |
| Normal consumption | 8,000 units per week |
| Reorder quantity | 48,000 units |
- Time required for delivery – Minimum 4 weeks; Maximum: 6 weeks
Calculate (a) Reorder level (b) Minimum Level (c) Maximum level (d) Average stock level.

Part C

Answer **both** the Questions. **Each** question carries **fifteen** marks. (2Qx15M=30M)

5. M/s Manish Co. Ltd., has three production departments, A, B and C and two service departments D and E. The following figures are extracted from the records of the company.

	₹
Rent and rates	5,000
Indirect wages	1,500
Depreciation of machinery	10,000
General lighting	600
Power	1,500
Sundry expenses	10,000

The following further details are available:

Particulars	Total	A	B	C	D	E
Floor space (Sq. ft.)	20,000	4,000	5,000	6,000	4,000	1,000
Light points	120	20	30	40	20	10
Direct wages (₹)	10,000	3,000	2,000	3,000	1,500	500
HP of machines	150	60	30	50	10	-
Value of machinery (₹)	2,50,000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments on the most equitable basis and prepare overhead distribution summary.

6. Prepare stores ledger's account from the following information of C and Co. Ltd. for the month of January 2019. Use FIFO method and calculate closing stock.

Date	Particulars
1.1.2019	Opening balance of 1,000 units of ₹ 10 each
2.1.2019	Purchased 1,200 units of ₹ 11 each
4.1.2019	Issued 500 units
6.1.2019	Purchases 1,400 units of ₹ 11.5 each
9.1.2019	Issued 1,200 units
10.1.2019	Purchases 1,400 units of ₹ 12 each
12.1.2019	Issued 1,300 units
15.1.2019	Purchases 1,400 units of ₹ 12.5 each
18.1.2019	Issued 1,200 units
20.1.2019	Purchases 1,400 units of ₹ 13 each
24.1.2019	Issued 1,000 units
28.1.2019	Purchases 1,400 units of ₹ 13.5 each
31.1.2019	Issued 800 units