

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES
Online End Semester Examination, May 2020

Course: Cost Accounting
Program: B.Com (H+Tax+BMI)
Course Code: FINC 1007

Semester: I
Time: 03 hrs.
Max. Marks: 100

SECTION A

- 1. Each Question will carry 5 Marks**
2. Instruction: Complete the statement / Select the correct answer(s)

S.No	Question	CO
Q1.	<p>Answer the following:</p> <p>(i) The basic objective of Cost accounting is: A. Tax compliance. B. Financial audit. C. Cost ascertainment D. Profit Analysis</p> <p>(ii) Process Costing is suitable for: A. Hospitals B. Oil Refining Firms C. Transport Firms D. Brick Laying Firms</p> <p>(iii) Cost classification can be done in: A. 2 ways B. 3 ways C. 4 ways D. Several ways</p> <p>(iv) Indirect material used in production is classified as : A. Office overhead B. Selling overhead C. Distribution overhead D. Factory overhead</p> <p>(v) Total of all direct costs is termed as: A. Prime Cost B. Works Cost C. Cost of sales D. Cost of production</p>	CO1
Q2.	<p>Answer the following:</p> <p>(i) Audit fees is a part of A. Works cost B. Selling Overhead C. Distribution overhead</p>	CO1

	<p>D. Administration Overhead</p> <p>(ii) Toy manufacturing industry should use:</p> <p>A. Unit costing B. Process costing C. Batch costing D. Multiple costing</p> <p>(iii) The loss which occurs in manufacturing activity on account of inherent nature of the product is:</p> <p>A. Normal Loss B. Abnormal Loss C. Net Loss D. Gross Loss</p> <p>(iv) In order to avoid the halt of production due to shortage of material:</p> <p>A. Maximum stock level should be maintained B. Minimum stock level should be maintained C. Re-order level is maintained D. Average stock level is maintained</p> <p>(v) Discarded material substances which has no value is called:</p> <p>A. Waste B. Scrap C. Defectives D. Spoilage</p>											
Q3.	<p>Suggest suitable costing method (Job, process, Batch, Contract) for the following industries:</p> <p>(a) Sugar (b) Cotton textiles (c) Chemicals (d) Oil refinery (e) Toy-making</p>	CO2										
Q4.	<p>State whether the following statements are true or false:</p> <p>(a) Costs may be ascertained in different ways by different persons. (b) The term 'cost has a fixed, certain and definite meaning. (c) Rent of a factory building is a variable cost. (d) Salesmen's salary is a fixed cost. (e) All factory expenses can be identified directly with the products manufactured by a factory.</p>	CO2										
Q5.	<p>Match the following:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">a) Absorption Costing</td> <td>i) Inventoriable costs</td> </tr> <tr> <td>b) Variable Costing</td> <td>ii) incurred even in case of 0 production</td> </tr> <tr> <td>c) Product Cost</td> <td>iii) total cost is charged to production</td> </tr> <tr> <td>d) Period Cost</td> <td>iv) Sales- Variable Cost</td> </tr> <tr> <td>e) Contribution</td> <td>v) segregates costs into fixed and variable elements</td> </tr> </table>	a) Absorption Costing	i) Inventoriable costs	b) Variable Costing	ii) incurred even in case of 0 production	c) Product Cost	iii) total cost is charged to production	d) Period Cost	iv) Sales- Variable Cost	e) Contribution	v) segregates costs into fixed and variable elements	CO3
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e) Contribution	v) segregates costs into fixed and variable elements											
Q6.	<p>Fill in the blanks:</p> <p>a. To obtain the break-even point in rupee sales value, total fixed costs are divided by</p>	CO3										

	b. is referred to as the excess of actual sales over break-even sales c. When sales increase from Rs. 40,000 to Rs. 50,000 and profit increases by Rs. 5,000, the P/V ratio is d. When there is no opening or closing stocks, profit under marginal costing is will be to absorption costing. e. On sales of Rs. 2,00,000, fixed cost is Rs. 30,000 and P/V ratio is 40%. The profit will be Rs.....	
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SECTION B

- 1. Each question will carry 10 marks**
2. Instruction: Write short / brief notes

	Prepare a Cash Budget for April, May and June (2011) from the following information given below:																															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><i>Month</i></th> <th style="text-align: center;"><i>Sales Rs.</i></th> <th style="text-align: center;"><i>Materials Rs.</i></th> <th style="text-align: center;"><i>Wages Rs.</i></th> <th style="text-align: center;"><i>Overheads Rs.</i></th> </tr> </thead> <tbody> <tr> <td>February</td> <td>14,000</td> <td>9,600</td> <td>3,000</td> <td>1,700</td> </tr> <tr> <td>March</td> <td>15,000</td> <td>9,000</td> <td>3,000</td> <td>1,900</td> </tr> <tr> <td>April</td> <td>16,000</td> <td>9,200</td> <td>3,200</td> <td>2,000</td> </tr> <tr> <td>May</td> <td>17,000</td> <td>10,000</td> <td>3,600</td> <td>2,200</td> </tr> <tr> <td>June</td> <td>18,000</td> <td>10,400</td> <td>4,000</td> <td>2,300</td> </tr> </tbody> </table>	<i>Month</i>	<i>Sales Rs.</i>	<i>Materials Rs.</i>	<i>Wages Rs.</i>	<i>Overheads Rs.</i>	February	14,000	9,600	3,000	1,700	March	15,000	9,000	3,000	1,900	April	16,000	9,200	3,200	2,000	May	17,000	10,000	3,600	2,200	June	18,000	10,400	4,000	2,300	
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Q7.	<p><i>Additional Information:</i></p> <p>a. Credit terms:</p> <p><i>Sales and Debtors</i>- 10% of sales are in cash, 50% of the credit sales are collected next month and the balance in the following month:</p> <table style="width: 100%;"> <tr> <td style="width: 40%;"><i>Creditors-</i></td> <td style="width: 40%;">Materials</td> <td style="width: 20%;">2 months</td> </tr> <tr> <td></td> <td>Wages</td> <td>¼ month</td> </tr> <tr> <td></td> <td>Overheads</td> <td>½ month</td> </tr> </table> <p>b. Cash and bank balance on 1st April 2011 is expected to be Rs. 6000</p> <p>c. Other relevant information is:</p> <ul style="list-style-type: none"> i. Plant & Machinery will be installed in February 2011 at a cost of Rs. 96,000. The monthly instalment of Rs. 2,000 is payable from April onwards. ii. Dividend @ 5% on Preference share Capital of Rs. 2,00,000 will be paid on 1st June. iii. Advance to be received for sale of vehicles Rs. 9,000 in June. iv. Dividends from investments amounting to Rs. 1,000 are expected to be received in June. v. Income tax (advance) to be paid in June is Rs. 2,000. 	<i>Creditors-</i>	Materials	2 months		Wages	¼ month		Overheads	½ month	CO4																					
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Q8.	Write a short note on advantages and disadvantages of preparing a budget.	CO4																														
Q9.	Differentiate between Cost and Financial Accounting	CO1																														
Q10.	<p>a. Prepare cost sheet from the following particulars:</p> <table style="width: 100%;"> <tr> <td style="width: 60%;">Raw material purchased</td> <td style="width: 40%;">Rs. 2,40,000</td> </tr> <tr> <td>Paid freight charges</td> <td>Rs. 20,000</td> </tr> <tr> <td>Wages paid to laborers</td> <td>Rs. 70,000</td> </tr> </table>	Raw material purchased	Rs. 2,40,000	Paid freight charges	Rs. 20,000	Wages paid to laborers	Rs. 70,000	CO1																								
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Directly chargeable expenses	Rs 50,000	
Factory on cost	20% of prime cost	
General and administrative expenses	4% of factory cost	
Selling and distribution expenses	5% of production cost	
Profit	20% on sales	
Particulars	Opening stock (Rs.)	Closing stock (Rs.)
Raw material	30,000	40,000
Work in progress	35,000	48,000
Finished goods	40,000	55,000

Q11.	a. From the following information, calculate economic batch quantity for a company using batch costing: (5)		
	Annual demand for the components	Rs. 2400 units	
	Setting up cost per batch	Rs. 100	
	Manufacturing cost per unit	Rs. 200	
	Carrying cost per unit	6% p.a.	
	b. Mr. B undertook a contract No. 501 for ₹ 5,00,000 on 1 st July 2015. On 31 st March, 2016 when the counts were closed and the following information was available: (5)		
	Material issued to site	₹ 55,000	
	Direct expenses paid	₹ 6000	
	Site office costs	₹ 10,000	
	Plant	₹ 2,00,000	
	Direct expenses prepaid at the end	₹ 1000	
	Cost of work uncertified	₹ 20,000	
	Wages paid	₹ 18,000	
	General overheads	25% of wages	
	Costs of sub contracts	₹ 15,000	
Wages accrued at the end	₹ 2,000		
Materials at site at the end	₹ 5,000		
	Cash received ₹ 2,00,000 being 80% of work certified		
	Plant was installed on the respective date of the contract and depreciation is to be provided at 10% per annum		
	You are required to prepare contract account for Mr. B.		

SECTION C

1. Each Question carries 20 Marks.

2. Instruction: Write long answer.

Q12.	a. Prepare Income statement using (a) Absorption costing (b) Marginal costing		CO3
	Normal capacity	2,00,000 units	
	Opening stock	40,000 units	
	Units produced	1,70,000 units	
	Units sold	2,00,000 units	
	Selling price per unit	₹ 25	
	Direct material cost per unit	₹ 4	
	Direct Labour cost per unit	₹ 4	

Variable production overheads per unit	₹ 2
Fixed production overheads	₹ 8,00,000
Variable administration overheads per unit sold	₹ 0.50
Fixed administration overheads	₹ 1,00,000
Variable selling and distribution overheads per unit sold	₹ 1.50
Fixed selling and distribution overheads	₹ 2,00,000

OR

- b. Pacific Estates limited is planning either to produce or buy the component pqr if it decides to produce component pqr then it has to install system facilities for that in its factory the following information is available for the production of components at various levels

Particulars	Production Level (in units)			
	1,00,000	1,50,000	2,00,000	2,50,000
Variable Costs	2,50,000	3,73,500	5,06,000	6,27,500
Fixed Production Overheads	1,00,000	1,35,000	1,75,000	1,75,000

This component can be purchased from the market at the following prices:

Order Quantity	Production Level (in units)			
	1,00,000	1,50,000	2,00,000	2,50,000
Price	3.40	3.35	3.30	3.25

You are required to comment whether the company should produce the component or buy it from the market when the estimated requirements of the components are: (a) 1,00,000 units (b) 1,50,000 units (c) 2,00,000 units (d) 2,50,000 units.

ALL THE BEST!!!