

MCom Sem - 3 HPP (AAA) Examination

CC 12

Cost Accounting - I

May 2022

Time : 2-00 Hours]

[Max. Marks : 50

SECTION: I

(Attempt any TWO questions out of given from section I)

Q.1

(A) Journalise the following transactions of Bhide Ltd. assuming that cost and financial transactions are integrated:

Particulars	(₹)
Raw materials purchased	2,00,000
Direct materials issued to production	1,50,000
Wages paid	1,20,000
Wages charged to production	84,000
Manufacturing expenses incurred	84,000
Manufacturing overhead charged to production	92,000
Selling and distribution costs	20,000

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(B) Explain the advantages of Integrated Accounts.

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Q.2

(A) From the following information of Priya Ltd., calculate Economic Order Quantity and Annual Inventory Cost.

Annual consumption	30,000 units
Ordering cost per order	₹50
Cost per unit (Purchase Price)	₹20
Cost of carrying inventory per annum	15%

If 2% discount is offered by Priya Ltd. for purchases in the lot of 3,000 units, should the offer be accepted?

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(B) Explain Under-absorption and Over-absorption of overheads.

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Q.3

Vagle Ltd. produces two products X and Y. Production of X is 1,000 units during one run, while production of Y is 100 units during 10 runs.

Materials and direct wage costs are similar in both the products. Production overheads are ₹ 66,000 which include the following :

₹33,000 set-up costs
₹22,000 quality control costs
₹11,000 material handling costs

All the three activities are similar for both the products.

Total Cost:	₹
Direct Material	50,000
Direct Wages	10,000
Overheads	66,000
	<u>1,26,000</u>

[P.T.O.]

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The production overheads are absorbed on the basis of direct wages.
You are required to prepare a statement showing per unit cost and total cost under:
(1) Traditional cost approach and (2) ABC approach.

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Q.4

Suraj Ltd. produces 70,000 units at 70% capacity and earns an average profit of ₹4 by selling it at ₹18 per unit.

Direct Materials	₹5
Direct Labour	₹2
Overheads	₹7 (50% fixed)

During the current year, they intend to produce the same number but anticipates that:

- (a) Their fixed costs will go up by 20%.
- (b) Rate of direct material will increase by 20%.
- (c) Selling price cannot be increased.

Under these circumstances they obtain an order for a further 15% of their capacity. What minimum price will you recommend for accepting the order to ensure the manufacturer an overall profit of ₹2,00,000? Assume that the fixed cost is recovered from the current production.

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SECTION: II

(Attempt any TEN MCQs out of given from section II)

Q.5 Select the appropriate alternative:

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- (1) Total cost-plus pricing means –
 - (A) Direct and Indirect Cost
 - (B) Fixed and Variable Cost
 - (C) Manufacturing and Non-manufacturing cost
 - (D) All of the above
- (2) In ABC Analysis of Inventory 'B' class items require –
 - (A) Tight or Strict Control
 - (B) Moderate Control
 - (C) Loose Control
 - (D) None of the above
- (3) It is possible to ascertain most accurate and realistic product cost by adopting –
 - (A) Activity based information
 - (B) Activity Based Costing
 - (C) Standard Costing
 - (D) None of the above
- (4) Non-integrated Accounting System is also called –
 - (A) Financial Accounting
 - (B) Cost Control Accounting
 - (C) Cost Accounting
 - (D) None of these
- (5) Which of the following do not find place in Non-integrated Accounts?
 - (A) Creditors A/c

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- (B) Cost Ledger Control A/c
 - (C) Store Ledger Control A/c
 - (D) Administrative Overhead Control A/c
- (6) Cost Reduction is result of –
- (A) Innovation
 - (B) Cost Control
 - (C) Both (A) & (B)
 - (d) Neither (A) nor (B)
- (7) ROL stands for
- (A) Re-order level
 - (B) Re-out level
 - (C) Re-over level
 - (D) Re-outward level
- (8) Variable Cost Pricing is also known as –
- (A) Full Cost Pricing
 - (B) Marginal Cost Pricing
 - (C) Direct Cost Pricing
 - (D) Conversion cost pricing
- (9) Which of the following activities is connected with the cost driver of No. of workers?
- (A) Setting up of machines
 - (B) Training
 - (C) Analysis of proposal
 - (D) None of the above
- (10) The appropriate cost driver for Repairs and Maintenance is –
- (A) No. of workers
 - (B) No. of set ups
 - (C) No. of customers
 - (D) None of these
- (11) What is not correct for Marginal Cost-plus Pricing?
- (A) It is contribution approach
 - (B) It is linked with variable cost
 - (C) Fixed costs are considered
 - (D) All of the above
- (12) If actual overheads are more than pre-determined overheads then it is a case of
- (A) Under Absorption
 - (B) Over Absorption
 - (C) Low Absorption
 - (D) None of the above

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