

6. The process of charging cost of service departments to production departments, is known as:
- | | |
|---------------------|--------------------------|
| A. Allocation | B. Primary apportionment |
| C. Re-apportionment | D. Absorption |
7. If there are no opening & closing inventories of finished goods, cost of goods sold will be equal to:
- | | |
|-------------------------------------|------------------|
| A. Cost of goods manufactured | B. Material used |
| C. Total current manufacturing cost | D. Prime cost |
8. Expected loss is called:
- | | |
|----------------|------------------|
| A. Normal loss | B. Abnormal loss |
| C. Normal gain | D. Abnormal gain |
9. M Ltd. orders in supplies of stock from a local supplier. The following information is available. Demand = 20,000 units per year, Carrying cost = Rs. 0.192 per unit per year, Cost per order = Rs. 30. The most economical order size is:
- | | |
|----------|----------|
| A. 250 | B. 1,250 |
| C. 2,500 | D. 6,000 |
10. Direct material = Rs. 45,000; Direct wages = Rs. 60,000; Factory overheads = Rs. 90,000; Direct labour hours = 15,000; Machine hours = 30,000; FOH Applied Rate on the basis of direct labour hours =?
- | | |
|---------------------|---------------------|
| A. Rs. 6 per hour | B. Rs. 3 per hour |
| C. Rs. 1.5 per hour | D. Rs. 0.5 per hour |



UNIVERSITY OF THE PUNJAB
B.S. 4 Years Program : Third Semester – 2020

Roll No.

Paper: Cost Accounting
Course Code: BBA-203/BUS-21348

Part – II

Time: 2 Hrs. 45 Min. Marks: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Give short answers of the following:

(10x2=20)

- i. Define a responsibility centre.
- ii. What is standard costing?
- iii. What is the difference between perpetual and periodic inventory system?
- iv. What is meant by order level?
- v. What is a purchase requisition?
- vi. What is meant by overtime premium?
- vii. What is a job cost card?
- viii. Define a controllable cost.
- ix. What is the difference between spoiled units and defective units?
- x. What is an over-applied factory overhead?

Answer the following questions.

(3x10=30)

- Q.3.** The finishing department of Fakhir Co. received 50,000 units from the previous department at a unit cost of Rs. 12. Out of these units, 44,000 units were completed and transferred to finished goods stockroom in the period. At the end of the period, 4,000 units were still in process (25% converted). Remaining units were lost during processing.
Cost charged to the department during the period includes labour Rs. 216,000 and factory overheads applied Rs. 121,500. All materials were put in process in the previous departments.
Required: Prepare cost of production report for the finishing department. (10 marks)

- Q.4.** The annual demand for a product is 6,400 units. Inventory carrying cost is Rs. 1.50 per unit per annum and the cost per order is Rs. 75.
Required:
- (i) Economic order quantity
 - (ii) Number of orders per year
 - (iii) Time between two consecutive orders
- (10 marks)**

- Q.5.** Following data have been taken from the records of Al-Mohsin Cement Co.:

	Rs.
Finished goods inventory increased by	8,950
Work in process inventory decreased by	9,350
Raw materials inventory increased by	12,545
Raw materials purchased	265,655
Purchase returns and allowances	12,200
Purchase discounts	10,350
Transportation in	6,470
Direct labour cost	45,200
Manufacturing overheads incurred	37,370

Required: Cost of goods manufactured and sold statement

(10 marks)