



# UNIVERSITY OF THE PUNJAB

Third Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Cost Accounting**

**Course Code: BBA-203/BUS-21348 Part-I (Compulsory)**

**MAX. TIME: 15 Min.**

**MAX. MARKS: 10**

.....  
Signature of Supdt.:

**Attempt this Paper on this Question Sheet only.**

**Please encircle the correct option. Division of marks is given in front of each question.**

**This Paper will be collected back after expiry of time limit mentioned above.**

1. Prime cost means:  
A. All Production Costs  
B. All Indirect Production Costs  
C. All Direct Production Costs  
D. None of the above  
(1 x 10 = 10)
2. 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 machine hours =?  
A. Rs. 6 per hour  
B. Rs. 3 per hour  
C. Rs. 1.5 per hour  
D. Rs. 0.5 per hour
3. The method of remuneration that links the payment with the hours worked, is called:  
A. Time work method  
B. Piecework method  
C. Bonus method  
D. None of the above
4. Under which costing method cost of materials is charged to production in the order of purchases:  
A. First-in, First-out Method  
B. Last-in, First-out Method  
C. Average Cost Method  
D. None of the above
5. Carrying cost = 15%; Ordering cost = Rs. 9 per order; Estimated Annual Requirement = 48,000 units; Cost per unit = Rs. 4. The most economical order size is:  
A. 1,440,000 units  
B. 1,200 units  
C. 1,440 units  
D. 12,000 units
6. Journal entry to record the issue of direct material from store is:  
A. Material...Dr    Supplier...Cr  
B. Supplier...Dr    Material...Cr  
C. WIP...Dr    Material...Cr  
D. FOH...Dr    Material...Cr
7. For an activity level of 10,000 units, Total cost is Rs. 200,000; for 15,000 units, Total cost is Rs. 275,000. Calculate variable cost per unit using high-low method.  
A. Rs. 15  
B. Rs. 10  
C. Rs. 25  
D. Rs. 20
8. Under-applied factory overheads occur when:  
A. Applied FOH exceed Actual FOH  
B. Applied FOH exceed Budgeted FOH  
C. Actual FOH exceed Applied FOH  
D. Actual FOH exceed Budgeted FOH
9. Normal working day: 8 hours      Basic pay rate per hour: Rs. 5  
Standard time per unit: 4 minutes      Bonus payable at basic rate: 50% time saved  
On a particular day, one employee finishes 150 units. His gross pay for the day will be:  
A. Rs. 40  
B. Rs. 50  
C. Rs. 55  
D. Rs. 45
10. A piece-work system of remuneration focuses on:  
A. Quality of output  
B. Quantity as well as quality of output  
C. Quantity of output  
D. Neither on quality nor on quantity



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Roll No. ....

**PAPER: Cost Accounting**

**Course Code: BBA-203/BUS-21348 Part – II**

**MAX. TIME: 2 Hrs. 45 Min.**

**MAX. MARKS: 50**

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q.2. Give short answers to the following:**

**(10x2 = 20 marks)**

- Define profit centre.
- What is service costing?
- What are the components of conversion cost?
- What is meant by safety stock?
- Write down any three differences in financial accounting and cost accounting.
- What is meant by bonus schemes?
- What is a standard cost?
- Define semi-variable cost.
- Define factory overheads.
- What is the difference between a fixed and a flexible budget?

**Q.3. A company uses process costing. The costs for 2<sup>nd</sup> department for January, 2019 were:**

Costs of units received from 1<sup>st</sup> department Rs. 20,000

Cost incurred in 2<sup>nd</sup> department: Materials Rs. 21,816; Labor Rs. 7,776; Overheads Rs. 4,104

During the month, 2<sup>nd</sup> department received 5,000 units and transferred 4,000 units to 3<sup>rd</sup> department. At the end of the month, 1,000 units were in process.

The degree of completion of the work-in-process units was: 50% units were 40% complete and the balance units were 20% complete.

**Required: Prepare cost of production report for the month.**

**(10 marks)**

**Q.4. Mudassar Industries has developed the following data to assist in controlling one of its inventory items:**

Economic Order Quantity	1,000 kg
Average Daily Use	100 kg
Minimum Daily Use	80 kg
Maximum Daily Use	120 kg
Lead Time	7 days

**Required:**

- Order level
- Maximum inventory level
- Minimum inventory level

**(10 marks)**

**Q.5. Following are few figures taken from records of Mahnoor Industry:**

Material purchased during the month = Rs. 265,000

Cost of goods sold for the month = Rs. 555,000

Factory overhead absorption rate = 75% of direct labour cost

Inventory accounts showed the following opening and closing balances:

	January 01	January 31
Material	Rs. 15,500	Rs. 20,500
Work in process	Rs. 22,750	Rs. 25,600
Finished goods	Rs. 28,200	Rs. 10,350

**Required:**

**Prepare cost of goods manufactured and sold statement.**

**(10 marks)**