

Mid-West University
Examinations Management Office
Surkhet, Nepal
Final Examination-2079
Bachelor of Business Studies (BBS)
Semester - I

Subject: Cost Accounting

Course Code: MGMT 314/414

Full Marks: 60 Pass Marks: 30

Time: 3: 00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions.

1. Sake a statement about any four objectives of cost accounting.
2. The following information is given to you:
Re-order period = 10 to 16 days
Consumption per day = 400 to 600 units
Required: Minimum stock level.
3. Write the different types of inventory.
4. What is normal idle time?
5. What is meant by process costing?
6. Define by- product in brief.
7. Distinguish between direct labour and indirect labour cost.
8. You are given the following information regarding the cost and operation of factory:
Direct labour hour worked for 6,000 hours, machine operated for 4,000 hours and total overhead is Rs. 3,00,000.
Required: overhead rate per labour hour.
9. Give any four examples of fringe benefits.
10. List out any two differences between time rate system and piece rate system.

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any **THREE** questions.

11. Define job order costing. Differentiate between job order and batch costing. [2+6]
12. Write the meaning of joint products and by-products. Differentiate between main product and by-product. [2+6]
13. The data regarding the production units and costs of a company are as follows:

Output (units)	Cost (Rs.)
10,000	40,000
20,000	50,000
30,000	80,000

Required: By using high and low point method

[2+2+2+2]

- a. Variable cost per unit
- b. Amount of fixed cost.
- c. Total cost for the production units of 40,000 units.
- d. Production units when the total cost is Rs. 2,00,000.

14. The details of a production company for the year ending is given below:

Particulars	Production			Service
	Department			Department
	X	Y	Z	S
Direct material	10,000	8,000	6,000	4,000
Direct wages	20,000	30,000	8,000	10,000
Direct expenses	18,000	15,000	12,000	10,000
Area (in sq.m)	500	300	200	100
Value of machine	60,000	40,000	20,000	30,000
HP of machine	30	30	10	5
Machine hour	6,000	4,000	2,000	1,000
Production unit	12,000	8,000	4,000	

Overheads:

Insurance Rs. 15,000

Lighting expenses Rs. 22,000

Rent Rs. 88,000

Depreciation 25% of cost of machine

Power expenses Rs.2850

Store overheads Rs. 28,000

Service rendered by service department S to the production department X, Y, Z in the percentage of 45%, 35% and 20% respectively.

Required: Total overheads of production department X, Y, Z. and cost per unit. [6+2]

15. a) A worker earned Rs. 1,680 under Halsey premium plan. The time allowed for the job was 160 hours and guaranteed wages rate was Rs. 12 per hour. [1+1+2]

Required:

a. Actual time taken.

c. Bonus under Rowan.

b. Time saved by the worker.

b) Mention the cause of labor turnover. Briefly explain.

[4]

SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)

Answer any **TWO** questions.

16. Give the concept of cost accounting. Mention its importance and differentiate it from financial accounting [2+5+6]

17. A product passes through three processes P, Q, and R. The detail of expenses incurred on the three process during the year 2018 were as under.

Particulars	P	Q	R
Units introduced	10,000	-	-
Cost per unit	Rs.100	-	-
Direct wages (Rs.)	16,000	33,150	32,200
Production overhead (Rs.)	30,000	80,000	65,000
Normal loss	5%	10%	15%
Scrap value per unit	2	5	10
Actual output (units)	9,300	8,400	7,200
Sales price per unit of output	120	165	250

Additional information:

- a. Office and administrative overheads during the year were Rs. 80,000 and selling and distribution overheads were Rs. 50,000. These are not allocable to the processes.
- b. 2/3 of the output of process P and 1/2 of the output of process Q was passed on to the next process and the balance was sold. The entire output of process R was sold.

Required:

- a. Process accounts. [2+2+2]
- b. Normal loss account, abnormal gain and abnormal account [2+1.5+1.5]
- c. The statement of profit and loss account by adjusting abnormal gain and abnormal loss. [2]

18. (a) The annual usage of a factory is 250,000 units. The unit cost is Rs. 800 and average holding charge is 25% per year. The cost per procurement is Rs. 2,500.

Required:

[2+2+2+2]

- i. The economic order quantity
 - ii. Optimum number of order per year.
 - iii. Total cost of EOQ.
 - iv. Time gap between two consecutive orders.
- (b) The following information is given to you.
- Weekly consumption.....3,500 to 5,600 units
 - Re-order Quantity.....5,000 units
 - Re-ordering period.....5 to 9 days
 - Maximum re-ordering period for emergency purchase 20 days.
- Required:
- a. Re-ordering level
 - b. Maximum stock level
 - c. Danger stock level.

[1+2+2]

THE END