



Cost Accounting

Attempt **FIVE** Questions in all. Question No.1 is Compulsory.

1. Define any EIGHT of the Following:

2.5×8=20

- | | |
|---------------------|--------------------------------|
| i) PRODUCT COST | ii) BIN CARD |
| iii) AVOIDABLE COST | iv) PERPETUAL INVENTORY METHOD |
| v) CONVERSION | vi) THEORETICAL CAPACITY |
| vii) ORDER LEVEL | viii) PAYROLL REGISTER |
| ix) LEAD TIME | x) NORMAL LOSS |

2. The following data pertain to the operations of Sharjeel company from my 1,2001 to April 30,2002: 20

Changes in inventories	
Finished goods decreased by	19,453
Goods in process decreased by	3,410
Raw material increased by	10,541
Purchased raw materials	92,596
Purchased return & Allowances	1,380
Purchase discounts	2,631
Direct labor cost s	1, 29,667
Manufacturing overhead incurred	56,619

From the above information, compute Cost of Goods Sold.

3. The following information pertaining to material "X" are assumed. 20

Estimated requirements for the next year	1,500 units
The total cost of procurement	=Rs. 3.00 per order
Interest per unit	=Rs. 0.03
Storage Cost per unit	=Rs. 0.07

Calculation:

- What is the most economical number of units to order
- About how often will an order need to be placed
- Proof of correctness of your answer for i) in the form of table

4. The Zohaib Company manufactures toys according to the specification of its customers. An order No. 101 called for the manufacture of 100 dolls. It is anticipated that 10% of the dolls started in process are spoiled and have to be sold as seconds (this spoilage is considered as normal loss). On final inspection, however, only dolls were rejected and transferred to the spoilage goods inventory to be sold at Rs. 2 each (use one W.I.P a/c)

Cost recorded on production order No.101 were as follows

Direct material	Rs.300
Direct labor	Rs.400
Factory overhead	Rs.300

Prepare entries to record the following: 20

Required:

- Cost of processing production order No.101
- Cost of spoiled work
- Transfer of 95 good dolls to finished goods inventory and
- Sale of imperfect dolls.

5. Calculate the normal and overtime payable to a workman from the following 20

Day's	Hours worked
Monday	8
Tuesday	10
Wednesday	9
Thursday	11
Saturday	9
Sunday	4

Normal working hours	8 hours per day
Normal Rate.	50 paisa per hour
Overtime rate	up to 9 hours in a day at single rate and Over 9 hours at double rate or up to 48 hours at double rate, whichever is more beneficial to the workman?

6. After the estimated factory overhead cost of the zunair manufacturing company has been classified as being either Fixed or variable and estimated accordingly, the following balance was available. 20

Fixed factory overhead costs	Rs.40, 000
Variable overhead costs	Rs.30, 000
Estimated direct labor hours	Rs.70, 000

At the end of period it was found that the company attained a capacity of 80% of that budgeted and that actual Factory overhead cost amounted to Rs. 57,500 you are required to compute.

a) Under or over applied overhead

b) Budget and volume variance

7. The following data relates to Areeba Manufacturing Company of grinding department for the month of December 2010.

Units put into process

Units completed and transferred to next department

Units still in process (Material 100%, labor &F.O.H 50%)

The cost of data is as follows:

Material	Rs.6, 370
Labor	Rs.4, 185
Factory overhead	Rs.4, 650

Required: prepare cost of production report for Grinding Department for the month of December 2010. 20

8. Why the term "cost" is difficult to define? Distinguish between COST & EXPENSE. 20

9. Differentiate clearly between JOB OREDR COST ACCOUNTING and PROCESS COST ACCOUNTING METHODS. 20

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