

Cost Accounting Past Papers B.Com Part 2 | 2016

Punjab University

QUESTION PAPER 2016

Time allowed: 3 hours

Max marks: 100

Attempt any five questions from the following. All questions carry equal marks.

Q1. The records of Bel Cold Refrigerator Company show the following information for the three months ended March 31, 2015.

Materials purchased	1,946,700
<u>Inventories, January 1, 2015:</u>	
Finished goods (100 refrigerator)	43,000
Materials	268,000
Direct labour	2,125,800
Factory overhead	764,000
Marketing expenses	516,000
General and administrative expenses	461,000
Sales (12,400 refrigerators)	6,634,000
<u>Inventories, March 31, 2015:</u>	
No unfinished work on hand	xxxxxx
Finished goods (200 refrigerators), cost at Rs. 395 each materials	167,000

REQUIRED:

- (1) An income statement for the period.
- (2) The number of units manufactured.
- (3) The unit cost of refrigerator manufactured.
- (4) The gross profit per unit sold.
- (5) The income per unit sold.
- (6) The ratio of gross profit to sale.

Cost Accounting Past Papers B.Com Part 2 | 2016

Punjab University

Q2. On May 31, 2009 a fire broke out in a factory premises of Al- Musawer Manufacturing Company Limited. Consequently the processing building and the in process inventory were completely destroyed but the storeroom could be saved.

After the fire a physical inventory was taken. Raw materials were valued at Rs. 30,000 finished goods at Rs. 50,000 and supplies at 5,000.

Inventories on January 1, 2009 consisted of:

Raw materials	Rs. 20,000
Work in process	Rs. 40,000
Finished goods	Rs. 60,000
Supplies	Rs. 2,000

The financial statements reveal following figures of sale and gross profit for the last five years:

	Sales	Gross Profit
200A	Rs. 650,000	Rs. 220,000
200B	Rs. 700,000	Rs. 230,000
200C	Rs. 750,000	Rs. 250,000
200D	Rs. 800,000	Rs. 270,000
200E	Rs. 850,000	Rs. 280,000

Sales for the first five months of 200F were Rs. 450,000. Raw materials purchases were Rs. 175,000. Freight on purchases was Rs. 7,000. Direct labour for the five months was Rs. 80,000. For the past five years factory overhead was at 60% of direct labour.

REQUIRED:

Q.3 Compute the value of work in process inventory lost b y fire.

Factory overhead absorption rate of Ali Manufacturing Company is Rs. 3 per hour.

Cost Accounting Past Papers B.Com Part 2 | 2016

Punjab University

Budgeted overhead for 10,000 hours per month is Rs. 30,000 and for 16,000 hours per month is Rs. 42,000. Actual factory overhead for the month is Rs. 44,000 and actual volume is 15,000 hours.

REQUIRED:

- (1) Variable factory overhead rate.
- (2) Budgeted fixed factory overhead.
- (3) The capacity hours at which factory overhead applied rate is computed.
- (4) Applied factory overhead.
- (5) Under or over applied factory overhead.
- (6) Budget variance.
- (7) Capacity variance.

Q.4 The book and record of Salman Manufacturing Co. present the following data for the month of February:

Direct labour cost Rs. 16,000 (160% of F.O.H)

Cost of goods sold Rs. 56,000

Inventory accounts showed these opening and closing balances:

	February 1 st	February 28 th
Materials	Rs. 8,000	Rs. 8,600
Work in process	8,000	12,000
Finished goods	14,000	18,000

Marketing expenditure 5% of sales. General expenses and admin expenses 10% of sales. Sales Rs. 75,000.

REQUIRED:

An income statement with supporting schedule showing cost of goods manufactured and sold statement.

Cost Accounting Past Papers B.Com Part 2 | 2016

Punjab University

Q.5 The standard time for the completion of a certain job is fixed at 200 hours. Normal wages are paid to the workers according to time rate which is Rs. 25 per hour. If the job is completed in lesser time a bonus is paid to the worker calculated on the following lines:

Up to first 20% saving in time

10% of the corresponding saving in time.

For and within next 20% saving in time

25% of the corresponding saving in time.

For and within next 30% saving in time

50% of the corresponding saving in time.

For and within next 30% saving in time

30% of the corresponding saving in time.

REQUIRED:

Compute total earning and earning per hour of the following workers:

Works	Time Taken (Hours)
Arshad	210
Amjad	160
Nazar	120
Naheed	50

Q.6 During the year 2012 Shammusdeen & Co Ltd produced 750,000 units. At this activity level factory overhead cost were Rs. 1,100,000.

Before the start of 2012 accountant of the company estimated annual activity level as 850,000 units and factory overhead as Rs. 1,275,000. Thus factory overhead applied rate was Rs. 1.50 per unit. 60% of factory overhead applied rate is composed of variable cost.

REQUIRED

- (1) Budgeted fixed factory overhead
- (2) Under or over applied factory overhead
- (3) Volume variance
- (4) Budget variance

- Q.7 An operator engaged in machining certain components receives an ordinary day rate of Rs. 160 per day of 8 hours, the standard output for machining the components has been fixed at 80 pieces per hour (time as fixed for premium bonus). On a certain day the output of the worker on this machine is 800 pieces. Find labour cost per 100 pieces and the wages that would have been actually earned by the workman under the following:
- (a) If paid for on straight piecework basis at the standard rate.
 - (b) If Hasley premium bonus system is being adopted.
 - (c) If a bonus of Rs. 23 is paid per 100 units of the extra output.
- Q.8 Explain the difference between periodic inventory system and perpetual inventory system. Which of these two systems is better?