UNIVERSITY OF THE PUNJAB

PART–II: 2nd Annual - 2017
Examination: B. Com.

Roll No. ....

Subject: Cost Accounting
PAPER: BC-406

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

Note: Attempt any FIVE questions. All questions carry equal marks.

Q.1 Kamran Chemicals Company by had following inventories as on march 1:

Material	Rs.	20,000
Work in Process	Rs.	25,000
Finished Goods	Rs.	60,000

During the month of March materials worth Rs. 180,000 were purchased. Direct labour cost incurred was Rs. 400,000 and factory overhead was applied to production at the rate of 150% or direct labour cost.
The company had following inventories as on March 31:

Material	Rs.	25,000
Work in Process	Rs.	40,000
Finished Goods	Rs.	80,000

Required: Pass necessary journal entries to record flow of cost through inventory accounts.

Q.2 Following are the data related to operations of Al-Qaabiz Pharmacy for the accounting year ended as on March 31, 20___:
Changes in inventory:

	Rs.
Finished goods increased by	8,950
Work in process decreased by	9,350
Raw materials 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 overhead incurred	37,370

Required: Cost of goods manufactured and sold statement.

Q.3 Department No. 9376 of Ameen Industrial Company received 13,000 units from preceding department at a unit cost of Rs.8.32 and transferred out 12,200 units. 600 units were in process at the end of month. Degree of completion of in process units was estimated as: 1/2 units 1/6 complete, 1/3 units 1/4 complete and 1/6 units 1/2 complete. Remaining units were lost during processing.

During the month the department added direct materials costing Rs.70,395 and incurred direct labour cost of Rs.44,460. Factory overhead applied rate for the department was 2/3 of direct labour cost.

Required: Cost of Production Report.

P.T.O.

Q.4 The inventory on December 1, 2016 of a particular class of merchandise of B Corporation consisted of 180 units priced at a cost of Rs.20. Purchases during the month were as follow:

Date	Quantity		Unit Cost
Dec. 6	50	Units	Rs.20
Dec.12	100	Units	Rs.19
Dec.14	70	Units	Rs. 21
Dec. 18	40	Units	Rs.22
Dec. 23	110	Units	Rs.23

Upto December 31st all the inventory was sold at Rs. 30 per unit except 200 units.

Required: (i) The value of closing inventory using
(a) Weighted average (b) FIFO (c) LIFO
(ii) Gross profit using Weighted average method only.

Q.5 It is estimated that during the coming year Khubaib Auto Industry will buy 50,000 units of a certain component at a price of Rs.30 per unit. Annual storage cost per unit is estimated as Rs.1.90 per unit. It is policy of the company to impute 15% interest on capital invested in inventory. Ordering cost is expected to be Rs.400 per order. Presently the company buys in four quarterly orders of 12,500 units.

Required: (i) Economic order quantity.
(ii) Saving for the coming year if the company buys in economic order quantity.

Q.6 Abdullah and Ahmed are two workers in assembling department of a manufacturing concern. During each day of previous week their hours worked are as under:

Days	**Hours Worked**	
	Abdullah	**Ahmed**
Monday	10	9
Tuesday	11	10
Wednesday	9	9
Thursday	8	10
Friday	9	8
Saturday	8	4

Required: Normal and overtime wages of Abdullah and Ahmed for the week if:
(a) Normal working hours are8.
(b) Normal rate of Rs. 80 per hour.
(c) Workers are paid at double the normal rate for overtime.

Q.7 Following figures are taken from annual budget of Meena Manufacturers for the year 2016:
Fixed factory overhead...Rs.4,000,000
Factory overhead absorption rate............................Rs. 70 per direct labour hour
Variable factory overhead rate..............................Rs. 30 per direct labour hour
Following are a few figures of actual results of year 2016:
Capacity attained...110,000 hours
Factory overhead...Rs.8,000,000

Required: (a) Budgeted capacity that was used to compute factory overhead absorption rate.
(b) Analysis of under or overabsorbed factory overhead into volume and budget variances.

Q.8 Differentiate between Job costing and process costing.