# Cost Accounting Past Papers B.Com Part 2 Punjab University 

## QUESTION PAPER 2014

Time allowed: 3 hours
Max Marks: 100
Attempt any five questions from the following. All questions carry equal marks.
Q. 1 From the following information prepare an income statement for the year ended December $31^{\text {st }}$, 2013.

Beginning inventory (at sales price)
Rs. 65,000
Purchases (at cost price)
Rs. 450,000
Closing inventory (at sales price)
Rs. 75,000
Sales (Sale price)
Rs. 590,000
Selling expenses amounted to $3 \%$ of sales and general administrative expenses amounted to $2 \%$ of sales.

## REQUIRED:

An income statement for the year 2013.
Q. 2 Khubaib manufacturing company uses process cost system. Cost of department 2 for the month of June were as under:

Cost from preceding department
Rs. 20,000

## Cost added:

Materials
Rs. 21,816
Labour
Rs. 7,776
Factory overhead
Rs. 4,104 Rs. 33,696

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The following information was obtained from the department's quantity schedule:
Units received 5,000
Units transferred out 4,000

Units still in process $\quad 1,000$
The degree of completion of work in process was:
$50 \%$ of the units were $40 \%$ complete,
$20 \%$ of the units were $30 \%$ complete, and
Balance of the units were $20 \%$ complete.

## REQUIRED:

Prepare cost of production report of department 2 for June.
Q. 3 Gujranwala enterprises received an order for manufacture of 500 units of their product " $y$ " from Lahore Company. Following costs were incurred for filling the order.
Direct material cost
Rs. 25,000
Direct labour cost
Rs. 50,000

Factory overhead applied was $50 \%$ of direct labour cost.
Additional cost incurred for rework on 50 units found defective were as follows:

Direct material cost
Rs. 2,000

Direct labour cost
Rs. 2,000
Factory overhead at applied rate.

## REQUIRED:

Prepare journal entries to record completion of the order when:

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(1) Job is charged with the cost of defective work.
(2) Cost is not so charged.

Also calculate cost per unit in both of the cases.
Q. 4 A company has three production departments $\mathrm{X}, \mathrm{Y}, \& \mathrm{Z}$ and two service department $\mathrm{A} \& \mathrm{~B}$ the expenses incurred by them during the month are:

X Rs. 80,000 , Y Rs. 70,000 , Z Rs. 50,000 , A Rs. 23,400 , B Rs. 30,000
Expenses of service department are apportioned to the production and to the co-service department on the following basis:

Expenses of A $\quad 20 \% \quad 40 \% \quad 30 \% \quad-\quad 10 \%$

Expenses of B $\quad 40 \% \quad 20 \% \quad 20 \% \quad 20 \%$

## REQUIRED:

Apportion expenses of A \& B departments to X, Y \& Z departments with the help of simultaneous equations method and calculate total factory overhead cost of the production departments.
Q. 5 Following figures are taken from annual budget of ABC manufacturers for the year 2013:

Fixed factory overhead
Factory overhead absorption rate
Variable factory overhead rate

Rs. 400,000
Rs. 70 per direct labour hour

Rs. 30 per direct labour hour

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Following are a few figures of actual results of the year 2013:

Capacity attained $\quad 110,000$ 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 over absorbed factory overhead into volume and budget variances.
Q. 6 Abdullah and Ahmad 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 |  |
| Monday | Ahmad |  |
| Tuesday | 10 | 9 |
| Wednesday | 11 | 10 |
| Thursday | 9 | 9 |
| Friday |  | 8 |

## REQUIRED:

Normal and overtime wages of Abdullah and Ahmad for the week if:
(a) Normal working hours are 8 .
(b) Normal rate is Rs. 80 per hour.
(c) Workers are paid at double the normal rate for overtime.
Q. 7 Following transactions are related to Marium manufacturing company, Lahore. Factory is situated at Gujrat. Total payroll cost for the month Rs. 800,000, employees' income tax with held Rs. 40,000 deduction for the provident fund at the rate of $10 \%$ of gross payroll, voucher for net earnings employees was prepared and paid. Payroll analysis sheet revealed the

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following information:

| Direct labour | Rs. 450,000 |
| :--- | :--- |
| Indirect labour | Rs. 100,000 |
| Sales salaries | Rs. 100,000 |
| Office salaries | Rs. 100,000 |

Note: employees provident fund contribution by the employer is at the same rate as the rate of deduction, rate of security fund contribution by the employer is $5 \%$ of gross pay.

## REQUIRED:

Q. 8 Prepare journal entries to record the above transactions in general office books and factory office books.

Explain the following:
(a) Process cost method
(b) Perpetual inventory system
(c) First in first out method
(d) expenditure variance

