

ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor
Paper: Cost Accounting (462)
Time Allowed: 03 Hours

Semester: Autumn 2009
Maximum Marks: 100
Pass Marks: 40

**Note: ATTEMPT ANY FIVE QUESTIONS. ALL CARRY EQUAL MARKS.
 QUESTION NO (8) IS COMPULSORY.**

Q.No.	Questions	Marks												
Q.No.1	Infinity Papers Ltd buys 15,000 units of Material "Zb" annually in lots of 5,000. Ordering cost is Rs. 20 per order. The prices per unit of "Zb" material is Rs. 5 and the carrying cost is 15%. Required:- i. Calculate the E.O.Q ii. How much Infinity Papers Ltd can save if they purchase in EOQ's instead of 5,000 units per order.	20												
Q.No.2	Following is the data extracted from the books of a Factory. Material Purchased = Rs. 1,60,000. Direct Labour cost = Rs. 80,000. Misc. Factory overhead = Rs. 60,000. Inventories <table style="margin-left: 40px; border: none;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Opening</u></th> <th style="text-align: center;"><u>Ending</u></th> </tr> </thead> <tbody> <tr> <td>Material</td> <td style="text-align: right;">Rs = 10,000</td> <td style="text-align: right;">Rs = 12,000</td> </tr> <tr> <td>Work in process</td> <td style="text-align: right;">Rs = 16,000</td> <td style="text-align: right;">Rs = 14,000</td> </tr> <tr> <td>Finished Goods</td> <td style="text-align: right;">Rs = 22,000</td> <td style="text-align: right;">Rs = 23,000</td> </tr> </tbody> </table> Calculate: - i) Prime Cost ii) Conversion Cost iii) Cost of Goods Sold.		<u>Opening</u>	<u>Ending</u>	Material	Rs = 10,000	Rs = 12,000	Work in process	Rs = 16,000	Rs = 14,000	Finished Goods	Rs = 22,000	Rs = 23,000	20
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Q.No.3	Calculate the break even quantity and breakeven Sales from following:- Fixed Cost = Rs. 50,000. Variable Cost = Rs. 2.5 per unit Price = Rs. 4 per unit What will be the effect on breakeven point if the following changes take place in the cost structure of the company? i) Fixed cost increases to Rs = 80,000 ii) Variable cost decreases to Rs = 1.80 per unit iii) Price increase to Rs = 4.5 Note: - Each change is independent.	20												
Q.No.4	"Job order costing" and "Process costing" are two different methods used in different industries. Discuss the product flow appropriate for each costing method.	20												
Q.No.5	Following data is extracted form the books of a Leather Garments Manufacturer. Actual Purchase = 15,000 units at Rs 42 per unit. Actual usage = 13,500 units. Standard usage = 13,000 units. Standard rate = Rs 40 per unit. Required: - i) Compute Material Price variance ii) Quantity variance iii) Price usage variance.	20												
Q.No.6	Pass the Journal Entries of the following transactions:- i. Direct Material purchased on account for Rs = 15,000. ii. Direct Material put into process costing Rs = 20,000. iii. Direct Labour employees worked 25,000 hours @ Rs 5 per hour. iv. Factory overhead is applied at the rate of Rs 4 per direct labour hour. v. Goods completed with material cost Rs 12,000, Direct Labour cost Rs 10,000 and Factory overhead Rs 8,000. vi. Goods costing Rs 26,000 were sold on account for Rs 30,000.	20												
Q.No.7	Explain the following types of costing systems. i) Single costing ii) Batch costing iii) Multiple costing iv) Operating costing v) Marginal costing.	20												
Q.No.8	(A) Fill in the blanks. i. _____ is a foregoing, measurable in terms of money for getting a thing. ii _____ is the sum total of direct production cost, comprises of material & direct labour. iii. For Material purchase the _____ account is _____ and Account _____ is _____. iv. A _____ note is sent to the supplier in case of rejection or return of materials. v. _____ cost remains the same in total, regardless of production or sales. (B) Following statements are True or False. i. Rent on a factory building is not a Manufacturing cost.	20												