

ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor

Paper: **Cost Accounting (462)**

Time Allowed: 3 hrs

Semester: Spring 2009

Maximum Marks: 100

Pass Marks: 40

Note: - **ATTEMPT FIVE QUESTIONS. ALL CARRY EQUAL MARKS.**

QUESTION NO (8) IS COMPULSORY.

Q.NO.1	What are the three branches of "Accounting"? How do these branches differ in their area of emphasis? Discuss in detail.
Q.NO.2	"Controllable and uncontrollable cost are cost concepts, which are always associated with a designated level of Management." Discuss.
Q.NO.3	Voucher system provides a system of internal control over cash- payments and an efficient system of Journalizing." Explain the statement.
Q.NO.4	Explain the term "Cost Accounting Cycle." How much period does it cover? List down the control Accounts used in cost Accounting cycle.
Q.NO.5	The Rizwan equipment company estimates its carrying cost at 15% and its ordering cost at Rs 9.00 per order. The estimated annual requirement is 48,000 units at a price of Rs 4.00 per unit. Required: - i. What is the most Economical number of units to order? ii. No of orders to be placed in a year. iii. About how often will an order need to be placed?
Q.NO.6	A company uses three departments in the manufacture of its product. The cost incurred in department2 for the month of May,08 as follows:- Labour = Rs 7504. Factory overhead = 3,500. 30,000 units were received from Department 1 at a cost of Rs 92,220 during the month. In department 2, 25,000 units were completed and transferred to Department 3. 1,000 units were completed, but still on hand in Department and 3,000 units were in process. 2/3 completed as to labour and factory overhead and the balance were lost. Required: - Prepare cost of production Report for Department 2. for May,2008
Q.NO.7	A company made the following data available from its accounting records and reports as follows:- a) Rs 6,00,000 estimated factory overhead=Rs 3 predetermined factory (2,00,000 estimated direct labour hours) overhead rate. b) Further Analysis indicates that one third of the rate is variable cost oriented. c) During the year, the company worked 210,000 direct labour hours and actual factory overhead expenditures were Rs 6, 31,000. Required: - The spending and idle capacity variance.
Q.NO.8	(A) Fill in the Blanks:- i. _____ Cost remains the same regardless of production or sales volume. ii. A _____ note is sent to the supplier along with the material in case of rejection or return of materials. iii. For material purchases, the _____ account is _____ and Account payable is _____ iv. _____ is the sum of total of direct production costs mainly comprised of direct materials and direct labour. v. _____ is a foregoing, measurable in terms of money for getting a thing or for achieving an objective. (B) Following statements are True or False. i. Sales force training is not a Manufacturing cost. T/F ii. Semi- variable cost does not change with the change in volume. T/F iii. Glue and tape, not traceable is an example of direct Material cost. T/F iv. Direct labour + manufacturing overhead is known as conversion cost. T/F v. Direct costs are hard to determine for one product. T/F

