

BCOC-138: Cost Accounting

1. Define Cost Accounting. How does it differ from Financial Accounting and Management Accounting?

2. Explain the classification of costs with suitable examples.

3. What is the difference between FIFO and LIFO? Show the valuation of inventory using both methods.

4. Calculate the earnings of a worker under Halsey and Rowan Bonus Plans.

5. What is overhead absorption? Explain different methods of overhead absorption.

6. Explain the treatment of over and under-absorption of overheads.

7. What is batch costing? How is the Economic Batch Quantity (EBQ) calculated?

8. In Contract Costing, explain the concepts of Work Certified, Work Uncertified, Notional Profit and Profit Transfer.

9. What is process costing? How is abnormal loss and normal loss treated?

10. Prepare process accounts with data for input, output, losses, and scrap value.

11. What is operating costing? Prepare a cost statement for transport service from the given details.

12. Explain the concept of Contribution, P/V Ratio, Break-Even Point and Margin of Safety.

13. Sunrise Logistics operates a delivery van with a load capacity of **3** tons. The company provides the following cost details for the van:

Helper's wage: 1,500 per month Cost of van: 4,50,000 Estimated life: 8 years Lubricants, oil, etc.: 100 per trip (each way) Repairs and maintenance: 6,000 per month Driver's wage: 10,000 per month Insurance: 30,000 per year Road taxes: 20,000 per year

Administrative expenses: 24,000 per year

The van travels between two towns, covering 50 kilometers each way. During the trip to Town B, it operates at full capacity, and on the return trip, it is loaded to 30% of its capacity. The van makes trips 22 days each month on average.

14 Mitra Industries produces a single product that passes through two consecutive production stages: Process A and Process B, and then it moves to Finished Goods.

From past operations, the company observes that:

- In Process A, 6% of input units are lost as normal wastage.
- In Process B, 12% of input units are lost as normal wastage.

• The scrap from Process A is sold at 6 per 100 units, and from Process B at 12 per 100 units.

The following expenses were recorded:

Particulars	Process A	Process B
Materials	7,500	3,500
Direct Wages	8,500	5,000
Factory Overheads	2,500	2,200

The company initially introduced 12,000 units into Process A, with a material cost of 6,000.

Actual output obtained was:

- From Process A: 11,280 units
- From Process B: 9,920 units

Required:

Prepare the Process Accounts for Process A and Process B, clearly showing costs, wastage, and output.

15. Omkar Engineering Works operates a workshop with 6 identical machines, each occupying equal space. The following annual expenses are related to the workshop:

Particulars	Amount
1. Workshop Rent and Rates (per annum)	72,000
2. Maintenance and Repairs of 6 machines (per annum)	12,000
3. Workshop Lighting (per annum)	18,000
4. Power Charges for 6 machines @ 2.50 per unit	1,50,000
5. Supervisor's Salary (18,000 per month)	?
6. Attendant's Salary (Annual)	48,000
7. Interest on Hire Purchase of Machines (Annual)	30,000
8. Cleaning Material for Workshop (Annual)	1,200

Particulars	Amount
9. Depreciation on each machine (per annum)	18,000
10. Direct Wages	1,50,000

Each machine consumes 12 units of power per hour. The supervisor and attendant spend equal time on each machine.

Requirement:

Calculate the Machine Hour Rate per machine.

16. From the following information, prepare a Cost Sheet showing:

Prime Cost Factory Cost Cost of Production Total Cost Profit and Sales

Particulars	Amount
Raw Materials Consumed	1,00,000
Direct Labour	60,000
Direct Expenses	10,000
Factory Overheads	40,000
Office and Administration Overheads	20,000
Selling and Distribution Overheads	15,000
Profit	25,000

Date	Particulars	Quantity	Rate
Jan 1	Opening Balance	500	10
Jan 5	Purchase	300	12
Jan 10	Issue	400	?
Jan 20	Purchase	200	14
Jan 25	Issue	300	?

17. Prepare a Stores Ledger Account using FIFO method:

18. XYZ Textiles Ltd. has two Production Departments (Cutting and Stitching) and two Service Departments (Maintenance and Accounts). The following overheads have been incurred during the month:

Particulars	Amount
Factory Rent	6,000
Machine Repairs & Maintenance	3,600
Depreciation on Machinery	2,400
Electricity Charges	1,200
Insurance of Machinery	3,000
Employer's Contribution to ESI	1,000
Power Expenses	4,200

Particulars	Amount
Manager's Salary	7,200

Departmental Data:

Department	Cutting	Stitching	Maintenance	Accounts
Floor Area (sq. ft.)	400	300	200	100
No. of Employees	40	30	20	10
Direct Wages	20,000	15,000	10,000	5,000
Machinery Value	60,000	45,000	30,000	15,000
Stock Value	40,000	30,000	20,000	

Required:

Prepare a statement showing the apportionment of overheads to all four departments using appropriate bases.

- Stock value is given but not needed—this is a distractor.
- Manager's salary has to be divided equally between all departments.
- Electricity to be apportioned based on floor area instead of employees (students may assume wrongly).
- Employer's ESI to be apportioned on number of employees.
- Machinery-related costs (Depreciation & Insurance) = apportioned based on machinery value.

19. Ravi Kumar owns a tourist bus that operates on three different routes in a month: From Jaipur to Udaipur and back for 12 days. Distance (one way): 200 km Occupancy: 85% of 60-seater capacity From Jaipur to Kota and back for 10 days. Distance (one way): 150 km Occupancy: 75% For the remaining 3 days, the bus runs within the city limits. Daily distance: 50 km Occupancy: 100%

Particulars	Amount
Cost of Bus	4,80,000
Driver's Salary	12,000 per month
Insurance	2,400 per annum
Depreciation	15% per annum
Diesel Consumption	5 km per litre
Diesel Cost	95 per litre
Toll Charges	1,000 per annum
Lubricant	12 per 100 km
Repair & Maintenance	700 per month
Road Permit Fees	300 per month
Passenger Tax	15% of net earnings

The following cost information is available:

Requirement:

Calculate the fare per passenger per km charged by Ravi if he wants to earn 25% profit on total earnings.

- Three routes with different distances and days.
- Occupancy rate varies = affects total passenger-kilometers.
- Profit is given on earnings, not on cost (trickier than on cost).
- Needs proper breakdown of costs per km, per passenger.