NCU-FORM-29 - 6 MAR 2025 (E)

THE NORTHCAP UNIVERSITY	Minor Examination Question Paper	Review Date:
	School of Management and Liberal Studies	Semester: VI Session: Jan-May 2025
	Programme: **B.COM (H)** (Re-appear) Course Name: **COST ACCOUNTING** Course Code: **CML301**	Maximum Marks: 25 Duration: 90 minutes

Instructions

1. The paper has THREE Sections.
   a. Section A has THREE questions of TWO marks each.
   b. Section B has THREE questions of FIVE marks each.
   c. Section C is Application Based and has FOUR marks.
2. There is **NO CHOICE** in this paper.
3. Attempt one section fully before starting with a new section.
4. This paper does NOT require use of any log/statistic table(s)
5. This paper does require use of any calculator.

Course Outcomes

CO1	Understand the role of cost accounting in managerial decision-making.
CO2	Comprehend information required for cost accumulation and assignment for managerial planning & control.
CO3	Appreciate the role of Material Cost & Labour Cost.
CO4	Analyze information for decision-making in Costing.

SECTION A
Short Answer Type Questions

6 marks

Q	QUESTION	Marks	CO
1.	Your company is facing challenges in tracking production costs effectively using only financial accounting. What limitations of financial accounting make it less useful for cost control compared to cost accounting?	2	CO1
2.	As a cost accountant in a manufacturing firm, you are asked to improve cost efficiency. Which five cost accounting tools would you use, and how would they help with decision-making?	2	CO2
3.	A production manager is confused between marginal costing and variable costing while analyzing cost behavior for pricing decisions. How would you explain the key differences using practical examples?	2	CO2

SECTION B Long Answer Type Questions 15 marks

Q	QUESTION	Marks	CO
4.	A company anticipates having Rs. 40,000 cash in hand on 1st July 2024. You are required to prepare a cash budget for the three months from July to September 2024, based on the following information:	5	CO1

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)
May	75,000	48,000	7,000	5,500
June	85,000	58,000	9,500	6,500
July	95,000	62,000	10,000	7,500
August	1,10,000	70,000	12,000	8,500
September	1,25,000	66,000	15,000	9,500

Additional Information:

1. Suppliers allow a two-month credit period for purchases.
2. 30% of sales are in cash, and the remaining credit sales are collected one month

Issued by:	Approved by:
Date:	Date:

	after the sale. 3. Payments for wages and expenses are delayed by one month. 4. A tax payment of Rs. 30,000 is due in September 2024.		
5.	***A. Stock Level Calculation*** A company manages its inventory based on consumption patterns and reordering policies. Given the following data, calculate: 1. Minimum Stock Level 2. Maximum Stock Level 3. Reordering Level • Minimum Consumption = 80 units per day • Maximum Consumption = 140 units per day • Normal Consumption = 110 units per day • Reordering Period = 8 to 14 days • Reordering Quantity = 1,800 units • Normal Reordering Period = 10 days **AND** ***B. Economic Order Quantity (EOQ) Calculation*** A manufacturing firm requires a steady supply of raw materials. Using the details below, determine: 1. The EOQ 2. The number of orders to be placed annually • Annual consumption of raw material = 12,000 kg • Ordering cost per order = Rs. 60 • Cost per kg of raw material = Rs. 3 • Storage cost = 10% of the average inventory value	5	CO2
6.	From the following information relating to Binako Industries Ltd. for the year ending 31st March, 2024, you are required to prepare a statement of cost showing Prime Cost, Factory Overhead, Factory Cost, Total Cost, and Profit or Loss for the period. **Direct Wages**: Rs. 3,00,000 **Direct Materials Purchased**: Rs. 400,000 **Purchase Returns**: Rs. 15,000 **Drawing Office Salaries**: Rs. 4,200 **Carriage on Direct Materials**: Rs. 5,000 **Chargeable Expenses**: Rs. 3,200 **Provision for Bad Debts**: Rs. 3,000 **Office Expenses**: Rs. 8,000 **Factory Rent**: Rs. 20,000 **Depreciation on Plant**: Rs. 10,500 **Showroom Rent**: Rs. 4,500 **Misc. Selling Expenses**: Rs. 4,000 **Lighting**: Rs. 1,200 **Gas and Water**: Rs. 4,500 **Power**: Rs. 3,500 **Haulage**: Rs. 2,500 **Travelling Expenses**: Rs. 7,000 **Showroom Telephone Expenses**: Rs. 2,000 **Labour Welfare Expenses**: Rs. 5,000 **Sale of Scrap**: Rs. 600 **Factory Supervision**: Rs. 4,200	5	CO2

Issued by:	Approved by:
Date:	Date:

	Sales: Rs. 8,00,000 You can now proceed with the cost statement preparation as usual based on this updated data.		

SECTION C Application Based Question 4 marks.

Q	QUESTION	Marks	CO
7.	**a.** A company generates sales of Rs. 1,00,000, with a variable cost of Rs. 50,000. The net profit margin is 10% of sales. Based on this information, calculate the fixed costs incurred by the company. **AND** **b.**The annual demand for a particular product is 6,400 units. The unit cost of the product is Rs. 6, and the inventory carrying cost is 25% of the average inventory value. Additionally, the procurement cost per order is Rs. 75. Using this data, determine the Economic Order Quantity (EOQ) for the product.	4	CO2

Issued by:	Approved by:
Date:	Date: