2022

(5th Semester)

COMMERCE

(Honours)

Paper No. : BCAF–05

(Advanced Cost and Management Accounting)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (a) What do you mean by Cost Accounting? Distinguish between Management Accounting and Financial Accounting. 4+10=14

Or

(b) Following is the summarized version of Trading and Profit & Loss A/c of Oriental Enterprise Ltd. for the year ended 31st December, 2020 :

	Particulars	₹		*Particulars*	₹
To	Material	48,000	By	Sales	1,00,000
"	Wages	36,000	"	Closing Stock of Finished Goods	20,400
"	Work Expenses	24,000			

(Turn Over)

₹ 200.00
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Particulars	₹	*Particulars*		₹
To Gross Profit	18,400	By Work-in-Progress :		
		Material	3,000	
		Wages	1,800	
		Work Expenses	1,200	6,000
	1,26,400			1,26,400

To Administration Expenses	6,000	By Gross Profit	18,400
" Selling Expenses	4,000		
" Net Profit	8,400		
	18,400		18,400

During the year, 6000 units were manufactured and 4800 units were sold. The costing records show that works overheads have been absorbed @ 50% of direct wages, administration overheads @ ₹ 1·50 per unit produced and selling overheads @ ₹ 1·00 per unit sold. Financial A/c and Cost A/c books show different profits.

Calculate profit as per Cost A/c and prepare a statement reconciling two profits disclosed under two sets of books, clearly bringing out the reasons for the difference. 14

2. *(a)* Prepare a Stores Ledger for the month of July 2021 from the following particulars using LIFO method of valuation of issues : 14

July	1	Opening Balance	500 units @ ₹ 2·00
"	3	Issue	70 units
"	4	Issue	10 units
"	7	Receipt	200 units @ ₹ 2·10
"	9	Return (from issue dated July 3)	20 units
"	10	Shortage found	10 units
"	13	Issue	70 units
"	14	Receipt	100 units @ ₹ 2·20
"	18	Issue	300 units
"	26	Receipt	50 units @ ₹ 2·00
"	30	Issue	60 units

Or

(b) What do you understand by the term 'labour turnover'? Discuss the causes of labour turnover. 5+9=14

3. *(a)* A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2020 and the following data are available for the year ended 31st March, 2021 :

	₹ (in '000)
Contract of price	35000
Work certified	20000

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	₹ (in '000)
Progress payments received	15000
Materials issued to site	7500
Planning and estimation cost	1000
Direct wages paid	4000
Materials returned from site	250
Plant hire charges	1750
Wages related costs	500
Site office cost	678
Head office expenses apportioned	375
Direct expenses incurred	902
Work not certified	149

The contractor own a plant which originally cost ₹ 20,00,000 has been continuously in use in this contract throughout the year. The residual value of the plant after 5 years of life is expected to be ₹ 5,00,000. Straight-line depreciation is in use. As on 31st March, 2021, the direct wages due and payable amounted to ₹ 2,70,000 and the materials at site were estimated at ₹ 2,00,000.

You are required to—

(i) prepare Contract A/c for the year ended 31st March, 2021;

(ii) show the relevant Balance Sheet entries. 14

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Or

(*b*) A product passes through three processes *A*, *B* and *C*. The normal loss of each process is as follows :

Process *A*—3%

Process *B*—5%

Process *C*—8%

Loss of process *A* was sold at 25 paise per unit, that of *B* at 50 paise per unit and that of *C* at ₹ 1·00 per unit. 10000 units were introduced to process *A* at ₹ 1·00 per unit. The other expenses were as follows :

	Process		
	A	*B*	*C*
Materials (in ₹)	1,000	1,500	500
Labour (in ₹)	5,000	8,000	6,500
Direct Expenses (in ₹)	1,050	1,188	2,009
Actual Output (in units)	9500	9100	8100

Prepare Process A/cs. 14

4. *(a)* From the following data, calculate—

   (i) P/V ratio;

   (ii) profits when sales are ₹ 32,000;

   (iii) new BEP, if selling price is reduced by 10% : 4+5+5=14

	₹
Fixed cost	5,000
Break-even point	15,000

Or

(b) What is standard costing? Discuss the importance of standard costing as a tool of cost control. 4+10=14

5. *(a)* For production of 10000 units, the following are budgeted expenses :

	₹ (per unit)
Direct Materials	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (₹ 1,50,000)	15
Variable Expenses (direct)	5
Selling Expenses (10% fixed)	15
Administration Expenses (₹ 50,000 fixed for all levels of production)	5
Distribution Expenses (20% fixed)	5
Total Cost	160

Prepare a budget for production of 6000 and 8000 units. 14

Or

(b) Explain the concept of responsibility accounting. Discuss the essential features of responsibility accounting.

4+10=14

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ISBN: 978-93-89713-20-