

2019

(3rd Semester)

COMMERCE

Paper No. : BC-304

(Cost Accounting)*Full Marks : 70**Pass Marks : 45%**Time : 3 hours*

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) What are different types of cost? State the nature of Cost Accounting. 9

Or

- (b) From the following particulars, prepare a Cost Sheet for the half-year ending 31st December, 2016 : 9

	₹	
Purchases of raw materials	1,20,000	
Works overhead	48,000	
Direct wages	1,00,000	
Carriage on purchases	1,440	
Stock (1st July, 2016) :		
Raw materials	20,000	
Finished products (1000 tons)	<u>16,000</u>	36,000

		₹ ??
Stock (31st December, 2016) :		
Raw materials	22,240	
Finished products (2000 tons)	<u> ?</u>	?
Work-in-progress :		
1st July, 2016	4,800	
31st December, 2016	<u>16,000</u>	20,800
Sales—finished products		3,00,000

Selling and distribution overhead are ₹ 1 per ton sold. 16000 tons of commodity were produced during the period.

2. (a) The stock of material A as on 1st June, 2016 is 500 units at ₹ 1 per unit. Following purchases and issues of material A were made subsequently :

		<i>Quantity Receipts {Units}</i>	<i>Rate per unit (₹)</i>	<i>Quantity Issue (Units)</i>
June	6	—	—	200
"	10	400	1.10	—
"	15	300	1.20	—
"	20	—	—	500
"	21	—	—	200
"	24	500	1.30	—
"	25	—	—	300
"	28	—	—	200

Prepare a Stores Ledger A/c showing how the value of the above issues should be arrived under the base stock method when it operates in conjunction with LIFO base stock is 200 units.

Or

- (b) Bimal, a worker, has produced 180 units in a week's time. The guaranteed time wages for a forty hours week is ₹ 72 with an expected output of 140 units. As a part of the incentive scheme, the expected output is further reduced to 120 units per week. Ascertain the earnings per hour of Bimal under Halsey and Rowan bonus scheme. 9

3. (a) Define overhead. Discuss the main principles of apportionment of overhead cost. 2+7-9

Or

- (b) A factory has two production departments A and B, and service department S. The information related to them is as under :

	<u>Production Deptt.</u>		<u>Service Deptt.</u>
	A	B	S
Direct Wages (in ₹)	2,000	3,000	1,000
Direct Material (in ₹)	1,000	2,000	1,500
No. of Workers	100	150	50
Power (kWh)	4000	2000	1000
No. of Bulbs	10	16	6
Value of Assets (in ₹)	60,000	40,000	10,000
Area of Building (sq.m)	150	250	50

The expenses for three months ending 31st December, 2018 were as under :

	₹
Motive power	2,200
Lighting	400
Store Overheads	1,600
Amenities of Employees	6,000
Depreciation	15,000
Repairs	6,000
General Overheads	12,000
Rent and Taxes	1,100

Apportioning the expenses of service department S in the ratio of 5 : 3 to production departments.

Calculate total overheads of production departments A and B.

9

4. (a) A work order for 500 units of a commodity has to pass through four different machines of which the machine hour rate are :

Machine No. I—₹ 1.25

Machine No. II—₹ 3.00

Machine No. III—₹ 4.00

Machine No. IV—₹ 2.50

Following expenses have been incurred on the work order materials ₹ 20,000 and wages ₹ 1,500 :

Machine No. I has been engaged for 200 hours.

Machine No. II has been engaged for 300 hours.

Machine No. III has been engaged for 240 hours.

Machine No. IV has been engaged for 100 hours.

After the work order has been executed materials worth ₹ 1,000 are found to be surplus and are returned to stores.

Office overheads used to be 40% of works cost but on account of all-round rise in the cost of administration, distribution and sales, there has been a 60% rise in the office overhead expenditure.

Moreover, it is known that 10% of the production will have to be scrapped as not being up to the specification and the sale proceeds of the scrapped output will be only 50% of the cost of sales.

If the manufacturer wants to make a profit of 20% of selling price of the work order, find out the selling price of a unit of commodity ready for sale.

Or

- (b) A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2017 and the following data are available for the year ended 31st March, 2018 :

	(₹ in '000)
Contract price	85000
Work certified	30000
Progress payments received	15000
Materials issued to site	7500
Planning and estimating costs	1000
Direct wages paid	10000
Materials returned from site	250
Plant hire charges	1750
Wages related costs	500
Site office costs	678
Head office expenses apportioned	375
Site expenses incurred	902
Work not certified	149

The contractors own a plant which originally cost ₹ 20 lacs 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 lacs. Straight line

method of depreciation is in use. Material which cost ₹ 1,50,000 was destroyed by fire.

As on 31st March, 2018 the direct wages due and payable amounted to ₹ 2,70,000 and the materials at site were estimated at ₹ 2,00,000.

Prepare Contract A/c for the year ended 31st March, 2018.

9

5. (a) Explain normal loss, abnormal loss and abnormal gain, and explain their effect in ascertainment of cost of an article. How they should be dealt with in Process Cost A/cs? 5-3=3

Or

- (b) Bharat Chemicals Ltd. manufacture and sell their chemicals produced by consecutive processes. The products of these processes are dealt with as under :

	Process-I	Process-II	Process-III
Transferred to next process	$65\frac{2}{3}\%$	60%	—
Transferred to warehouse for sale	$33\frac{1}{3}\%$	40%	100%

(8)

In each process, 4% of the weight put is lost and 6% is scrap which from process—I realized ₹ 3 per ton, from process—II ₹ 5 per ton and from process—III ₹ 6 per ton.

Following particulars relate to January 2018 :

	<i>Process—I</i>	<i>Process—II</i>	<i>Process—III</i>
Raw materials used (in tons)	1400	160	1260
Rate per ton (in ₹)	10	16	7
Wages and other expenses (in ₹)	5,152	3,140	2,898

Prepare Process A/c.

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COMMERCE

Paper No. : BC-304

(Cost Accounting)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) Cost Accounting was developed because of the limitations of the Financial Accounting.

(T / F)

(b) Labour cost is the second element of cost.

(T / F)

(c) Overhead cost is the total of direct and indirect costs.

(T / F)

(d) Contract A/c is a Nominal A/c.

(T / F)

(e) Balance of Abnormal Gain A/c is transferred to credit side of Profit & Loss A/c.

(T / F)

2. Put a Tick (✓) mark against the correct answer in the brackets provided : 1×10=10

(a) Prime Cost =

(i) Cost of Direct Labour + Cost of Direct Material + Direct Expenses ()

(ii) Cost of Indirect Labour + Cost of Indirect Material + Direct Expenses ()

(iii) Cost of Direct Labour + Cost of Direct Material + Indirect Expenses ()

(iv) None of the above ()

(b) Comparing Rowan Plan and Halsey Plan, it is seen that when the time saved is less than 50% of the standard time

(i) Rowan Plan allows more wages to a worker than Halsey Plan ()

(ii) Rowan Plan allows less wages to a worker than Halsey Plan ()

(iii) Rowan Plan and Halsey Plan allow equal wages to a worker ()

(iv) All of the above ()

(c) Which of the following is also known as overhead cost?

(i) Cost of direct labour ()

(ii) Cost of indirect labour ()

(iii) Direct expenses ()

(iv) Indirect expenses ()

(d) Contract costing is most appropriate method of costing for

(i) construction industry ()

(ii) banking industry ()

(iii) textile mills ()

(iv) cement industry ()

(e) Process cost is ascertained and recorded in

(i) Balance Sheet ()

(ii) Profit & Loss A/c ()

(iii) Separate Statements ()

(iv) Separate Ledger A/c ()

(f) The primary objective of Cost Accounting in modern time is

(i) ascertainment of profit ()

(ii) preparation of reports ()

(iii) cost control ()

(iv) All of the above ()

(g) Which of the following methods of wage payment is most suitable where the speed of production is beyond the control of workers?

(i) Time rate system ()

(ii) Piece rate system ()

(iii) Halsey premium system ()

(iv) None of the above ()

(h) The basis of apportionment of canteen expenses is based on

(i) the number of female employees ()

(ii) the number of plants and machineries ()

(iii) the number of employees ()

(iv) amount of investment ()

(i) An automobile service unit uses

(i) batch costing ()

(ii) job costing ()

(iii) contract costing ()

(iv) process costing ()

(j) The process costing is not used in which one of the following?

(i) Chemical industry ()

(ii) Oil refinery ()

(iii) Cement industry ()

(iv) Automobile industry ()

3. Write short notes on the following :

2×5=10

(a) Cost centre

(b) Bin card

(c) Halsey premium plan

(d) Notional profit

(e) Apportionment of overheads
