

CA/BC-304

2023

(Old Course)

(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 is cost accounting? Briefly discuss the objectives and the advantages of cost accounting. $2+(4+3)=9$

Or

- (b) V. K. Ltd. a manufacturing company incurred the following expenses during a certain period. You are required to prepare a statement showing the distribution of total cost : 9

Materials used on jobs	1,20,540
Wages traceable to jobs	86,650

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	₹
Wages paid to men on maintenance work	12,600
Salesmen's Salaries	15,100
Director's Fees	10,000
Carriage Inwards on Materials	860
Carriage Outwards	2,800
Factory and Rates	8,300
Works Salaries	20,400
Hire of Crane for job	1,300
Consumable Stores	340
Depreciation on Plant	3,800
Depreciation on Delivery Van	1,600
Insurance of Finished Goods	2,500
Lubricating Oil	250
Bad Debts	300
Commission to Salesman	2,850
Cost of idle time of factory	510
Auditor's Fees	3,800
Lighting of Showroom	1,500
Office Expenses and Expenses	7,000

2. (a) What do you mean by labour turnover?
What are the causes and effects of labour turnover? $3+(3+3)=9$

Or

- (b) Prepare a Stores Ledger with the help of LIFO method of pricing the issue of stores using the following information : 9

2023		Units
Jan 1	Balance in hand @ ₹ 1.10 per unit	100
" 2	Received @ ₹ 1.20 per unit	200
" 10	Issued	150

(3)

2023		
Jan. 14	Received @ ₹ 1.30 per unit	Units
" 18	Issued	100
" 23	Returned from 10th January issue	150
" 26	Received @ ₹ 1.20 per unit	20
" 30	Wastage	100
" 31	Issued	10
		110

3. (a) What do you mean by absorption of overheads? Describe the various methods of absorption of factory overheads.

3+6=9

Or

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

	Production Departments		Service Department
	A	B	S
Direct Wages (in ₹)	2,000	3,000	1,000
Direct Materials (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. mt.)	150	250	50

The expenses for three months ending 31st December, 2022 were as under :

	₹
Motive Power	2,200
Lighting	400
Store Overheads	1,600
Amenities of Employees	6,000

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	₹
Depreciation	15,000
Repair	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) What is contract costing? Distinguish between Job Costing and Contract Costing. 2+7=9

Or

- (b) The following information is extracted from the Job Ledger in respect of Job No. 606 :

Materials—₹ 3,400

Wages :

Dept.—A 80 hours at ₹ 2 per hour
Dept.—B 60 hours at ₹ 4 per hour

Variable Overheads :

Dept.—A ₹ 5,000 for 4000 direct hours
Dept.—B ₹ 6,000 for 3000 direct hours

Fixed Overheads :

₹ 7,500 for 10000 hours of normal working time of the factory

Calculate the cost of Job No. 606 and estimate the percentage of profit, if the price quoted is ₹ 4,750. 9

(5)

5. (a) What is process costing? Briefly explain the features of process costing.

2+7=9

Or

- (b) A company manufacturing a chemical product by a series of operations in three processes. Raw material is fed into Process-I and the finished chemical that comes out of Process-III is transferred to finished goods store. The following particulars relating to operations for April 2013 are given below :

	Process-I	Process-II	Process-III
Raw Materials issued 80000 kg (in ₹)	9,60,000	—	—
Direct Wages (in ₹)	1,25,600	1,72,000	1,42,500
Overhead Costs (in ₹)	1,68,000	1,77,280	24,690
Normal Processing Loss % of inputs	2%	2%	1%
Output Transferred to next process (in kg)	74000	69400	69000
Work in Progress (in kg)	3000	2400	—

Processed materials awaiting transfer to next process)

Prepare the accounts of Processes—I, II and III and also abnormal loss and abnormal gain, if any.

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(Old Course)
(3rd Semester)

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)* but putting a Tick (✓) mark : 1×5=5

(a) The basic objective of cost accounting is cost
ascertainment.

(T / F)

(b) Normal loss of material can be completely
avoided.

(T / F)

(c) The apportionment of production overhead costs
are in two stages.

(T / F)

(2)

(d) Contract Account is a Nominal Account.

(T / F)

(e) In process costing, each process is treated as a separate cost unit.

(T / F)

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

(a) Cost classification can be done in

(i) one way []

(ii) two ways []

(iii) three ways []

(iv) several ways []

(b) The total of all direct cost is termed as

(i) prime cost []

(ii) works cost []

(iii) cost of sales []

(iv) cost of product []

(3)

(c) Which of the following is not direct labour?

(i) Assembly line workers []

(ii) Machine operators []

(iii) Manual workers []

(iv) Timekeeper []

(d) Telephone expense is a

(i) variable cost []

(ii) semi-variable cost []

(iii) fixed cost []

(iv) All of the above []

(e) Rent of building is

(i) fixed overhead []

(ii) indirect overhead []

(iii) direct overhead []

(iv) All of the above []

(f) Absorption is also called

(i) allocation []

(ii) sharing []

(iii) overhead recovery []

(iv) None of the above []

(g) Actual costs are

- (i) the cost incurred []
- (ii) budgeted costs []
- (iii) estimated costs []
- (iv) competitors costs []

(h) A contract is generally of _____ duration.

- (i) long []
- (ii) short []
- (iii) average []
- (iv) very short []

(i) First step in process costing system is to

- (i) compute cost for each unit []
- (ii) summarize total costs []
- (iii) compute output in units []
- (iv) summarize flow of output []

(j) In a process costing system, loss might be

- (i) normal []
- (ii) abnormal []
- (iii) both normal and abnormal []
- (iv) None of the above []

(5)

3. Write short notes on the following :

2×5=10

(a) Scope of cost accounting

(6)

(b) Economic order quantity

(7)

(c) Apportionment of overheads

(8)

(d) Job costing

(9)

(e) Inter-process profit

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