

2 0 1 8**(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? What are the advantages of cost accounting? 2+7=9

Or

- (b) The cost records of commodity X for the year ending 31st March, 2017 are as under :

<i>Particulars</i>	<i>₹</i>	<i>Particulars</i>	<i>₹</i>
Purchases	60,000	Closing Stock :	
Works Overheads	24,000	Raw Materials	11,120
Direct Wages	50,000	Finished Goods	
Carriage Inward	720	(2000 units)	16,000

L9/72a*(Turn Over)*

<i>Particulars</i>	<i>₹</i>	<i>Particulars</i>	<i>₹</i>
Opening Stocks :		Work-in-Progress	8,000
Raw Materials	10,000	Sales	1,50,000
Finished Goods			
(1000 units)	8,000		
Work-in-Progress	2,400		

Selling and Distribution Overheads are @ of 50 paise per unit of the commodity were incurred during the period on their production. Units produced were 16000. Ascertain—

- (i) cost of raw materials consumed;
- (ii) cost of production for the period;
- (iii) cost of sales;
- (iv) net profit for the period.

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2. (a) Hindustan Ltd. company purchased and issued the material in the following order :

	<i>Unit</i>	<i>Unit Cost</i> (₹)
1st January Purchase	300	3.00
5th January Purchase	600	4.00
10th January Issue	500	—
12th January Purchase	700	4.00
15th January Issue	800	—
20th January Purchase	300	5.00
30th January Issue	100	—

Ascertain the quantity of closing stock as on 31st January under the method of weighted average.

9

(3)

Or

(b) What is labour turnover? Discuss the different methods of measuring it. 2+7=9

3. (a) What do you understand by absorption of overheads? Describe the various methods of absorption of factory overhead. Which of these methods do you consider the most scientific and why? 2+4+3=9

Or

(b) Modern Manufacturers Ltd. have three Production Departments P_1 , P_2 , P_3 and two Service Departments S_1 and S_2 , the details pertaining to which are as under :

	P_1	P_2	P_3	S_1	S_2
Direct Wages (₹)	3,000	2,000	3,000	1,500	195
Working Hours	3070	4475	2419	—	—
Value of					
Machines (₹)	60,000	80,000	1,00,000	5,000	5,000
HP of Machines	60	30	50	10	—
Light Points	10	15	20	10	5
Floor Space (sq. ft.)	2000	2500	3000	2000	500

L9/72a

(Turn Over)

Following figures extracted from the accounting records are relevant :

	₹
Rent and Rates	5,000
General Lighting	600
Indirect Wages	1,939
Power	1,500
Depreciation on Machines	10,000
Sundries	9,695

The expenses of the service departments are allocated as under :

	P_1	P_2	P_3	S_1	S_2
S_1	20%	30%	40%	—	10%
S_2	40%	20%	30%	10%	—

Find out the total cost of product X which is processed for manufacture in departments P_1 , P_2 and P_3 for 4, 5 and 3 hours respectively, given that its Direct Material cost is ₹ 50 and Direct Labour cost is ₹ 30.

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4. (a) What is Job-Order Costing? Describe briefly the procedure of recording costs under Job-Order Cost system. 2+7=9

Or

- (b) Surya Construction Ltd. with a paid-up share capital of ₹ 50 lakhs undertook a contract to construct M & G

apartments. The work commenced on the contract on 1st April, 2016. The contract price was ₹60 lakhs. Cash received on account of the contract up to 31st March, 2017 was ₹18 lakhs (being 90% of the work certified). Work completed but not certified was estimated at ₹1,00,000. As on 31st March, 2017 material at site was estimated at ₹30,000, machinery at site costing ₹2,00,000 was returned to stores and wages outstanding were ₹5,000. Plant and Machinery at site is to be depreciated at 5%.

Following were the Ledger Balances (Dr) as per Trial Balance as on 31st March, 2017 :

	₹
Land and Building	23,00,000
Plant and Machinery (60% at site)	25,00,000
Furniture	60,000
Materials	14,00,000
Fuel and Power	1,25,000
Site Expenses	5,000
Office Expenses	12,000
Rates and Taxes	15,000
Cash at bank	1,33,000
Wages	2,50,000

Prepare Contract Account.

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5. (a) RST Limited processes Product Z through two distinct processes, Process-I and Process-II. On completion, it is transferred to finished stock. From the following information for the year, 2016-17 prepare Process-I and Process-II Account : 9

<i>Particulars</i>	<i>Process-I</i>	<i>Process-II</i>
Raw Materials used	7500 units	—
Raw Materials cost per unit	₹ 60	—
Transfer to next process	7050 units	6525 units
Normal loss (on inputs)	5%	10%
Direct wages	₹ 1,35,750	₹ 1,29,250
Direct expenses	60% of Direct wages	65% of Direct wages
Manufacturing Overheads	20% of Direct wages	15% of Direct wages
Realisable value of scrap per unit	₹ 12.50	₹ 37.50

Or

- (b) The product of a factory passes through three processes A, B and C. The wastage in each process is 2½%, 5% and 10% respectively. The wastage is sold at the

(7)

rate of ₹ 10, ₹ 20 and ₹ 50 per 10 units of the processes A, B and C respectively. The expenditure incurred is as follows :

	A	B	C
	(₹)	(₹)	(₹)
Materials Consumed	12,000	6,000	3,000
Direct Labour	18,000	12,000	9,000
Manufacturing Expenses	3,000	3,000	4,500

4000 units costing ₹ 16,000 have been issued to process-A. The output of each process is as under :

- Process A—3900 units
- Process B—3600 units
- Process C—3250 units

There is no stock or work-in-progress in any process. Prepare the Process Accounts.

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2018

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

(a) Cost Accounting records both monetary and in physical unit.

(T / F)

(b) Normal loss of material is avoidable.

(T / F)

(c) Fixed expenses will move up by jump if the outputs exceed the installed capacity.

(T / F)

(d) In batch costing, a group of identical products is treated as a job.

(T / F)

(e) When two or more products of equal importance are produced, these are known as by-products.

(T / F)

2. Fill in the blanks :

1×5=5

(a) The costing method used by oil refinery is

.....

(b) Under piece-rate system of wage, payment is made according to the

.....

(c) Basis of apportionment of creche expenses

is

(d) In contract costing payment of cash to the contractor is made on the basis of

..... work.

(e) The abnormal gain is taken to

..... Account.

3. Put a Tick (✓) mark against the correct answer in the brackets provided : 1×5=5

(a) The total of all direct expenses is known as

(i) work cost ()

(ii) cost of production ()

(iii) prime cost ()

(b) When price fluctuates considerably, the most suitable method of valuing material issue is

(i) LIFO ()

(ii) FIFO ()

(iii) average cost method ()

(c) Telephone expense is a

(i) variable cost ()

(ii) semi-variable cost ()

(iii) fixed cost ()

(d) When the completion stage of a contract is less than $\frac{1}{4}$, the total expenditure on the contract is transfer to

(i) Work-in-progress A/c ()

(ii) Contract A/c ()

(iii) Profit and Loss A/c ()

(e) In process costing, production is undertaken

(i) on specific order ()

(ii) on mass and continuous basis ()

(iii) for different units separately ()

4. Write short notes on :

2×5=10

(a) Advantages of cost accounting

(b) Taylor's differential piece-rate system

(c) Apportionment of overhead

(d) Economic order quantity

(e) Process losses
