

## II/BCO (vii) (Revised)

2007

### COMMERCE

Paper : BC-2·3

( Cost Accounting and Auditing )

( Under Revised Syllabus )

*Full Marks : 100*

*Pass Marks : 30*

*Time : 3 hours*

( PART : B—DESCRIPTIVE )

( Marks : 60 )

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

Answer any **three** questions

1. (a) State the objectives of introduction of a Cost Accounting System and explain the advantages of Cost Accounting. 10
- (b) Stores Ledger Account shows the following particulars :

|     |    |                      |                     |
|-----|----|----------------------|---------------------|
| Jan | 1  | Opening Balance      | 500 units @ Rs 4    |
| "   | 5  | Received from Vendor | 200 units @ Rs 4·25 |
| "   | 12 | Received from Vendor | 150 units @ Rs 4·10 |
| "   | 20 | Received from Vendor | 300 units @ Rs 4·50 |
| "   | 25 | Received from Vendor | 400 units @ Rs 4    |

7/7—250/262a

( Turn Over )

( 2 )

Issues of material were as follows :

|     |    |           |
|-----|----|-----------|
| Jan | 4  | 200 units |
| "   | 10 | 400 units |
| "   | 15 | 100 units |
| "   | 19 | 100 units |
| "   | 26 | 200 units |
| "   | 30 | 250 units |

Issues are to be priced on the principle of 'Last In First Out (LIFO)', write out the Stores Ledger Account in respect of the materials for the month of January. 10

2. (a) Explain the Idle time cost and Overtime cost and indicate the steps you would take to control them. 10

(b) In a factory, there are two service departments  $S_1$  and  $S_2$  and three production departments  $P_1$ ,  $P_2$  and  $P_3$ . In April, 2005, the departmental expenses were :

| Departments | Rs       |
|-------------|----------|
| $P_1$       | 6,50,000 |
| $P_2$       | 6,00,000 |
| $P_3$       | 5,00,000 |
| $S_1$       | 1,20,000 |
| $S_2$       | 1,00,000 |

( 3 )

The service department expenses are allocated on a percentage basis as follows :

| Service<br>Departments | Production<br>Departments |       |       | Service<br>Departments |       |
|------------------------|---------------------------|-------|-------|------------------------|-------|
|                        | $P_1$                     | $P_2$ | $P_3$ | $S_1$                  | $S_2$ |
| $S_1$                  | 30                        | 40    | 15    | —                      | 15    |
| $S_2$                  | 40                        | 30    | 25    | 5                      | —     |

Prepare a statement showing the distribution of the two service departments expenses to the three departments by repeated distribution method.

10

3. (a) What are the main features of Job Order Costing? Explain the advantages and disadvantages of Job Order Cost Accounting.

10

- (b) The following data are available pertaining to a product after passing through two processes A and B. Output transferred to process C from process B 9120 units for Rs 49,263. Expenses incurred in process C :

|                  | Rs    |
|------------------|-------|
| Sundry materials | 1,480 |
| Direct labour    | 6,500 |
| Direct expenses  | 1,605 |

( 4 )

The wastage of process C is sold at Re 1 per unit. The overhead charges were 168% of direct labour. The final product was sold at Rs 10 per unit fetching a profit of 20% on sales.

Find the percentage of wastage in process C and prepare process C Account.

10

4. (a) Distinguish between investigation and auditing. 10
- (b) As an auditor of a company how would you verify provision for taxation and leasehold property? 10
5. Write short notes on any *four* of the following : 5×4=20
- (a) Economic Order Quantity
- (b) Abnormal Idle Time
- (c) Absorption Costing
- (d) Batch Costing
- (e) Audit-in-depth
- (f) Audit Files

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**2007**

**COMMERCE**

Paper : BC-2.3

**( Cost Accounting and Auditing )**

( Under Revised Syllabus )

( PART : A—OBJECTIVE )

( Marks : 40 )

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

Answer **all** questions

**SECTION—I**

( Marks : 10 )

1. State whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×3=3

✓ (a) Cost accounting is method of costing.

( T / F )

✓ (b) Cost accounting lacks a uniform procedure.

( T / F )



( 2 )

(c) Internal auditor is appointed by the shareholders in general meeting.

( T / F )

2. Choose the correct answer and place its code in the brackets provided :

1×3=3

(a) Cost accounting records comprises

(i) monetary units

(ii) physical units

(iii) both monetary and physical units

(iv) None of the above ( )

(b) Merit rating aims at evaluating the workers

(i) knowledge of the work

(ii) attendance and punctuality

(iii) behaviour at work

(iv) performance of work ( )

( 3 )

(c) Statutory duties of a company auditor are determined by

(i) Articles of Association

(ii) Memorandum of Association

(iii) Companies Act, 1956

(iv) Agreement between Company and Auditor

( )

3. Fill in the blanks :

1×4=4

(a) Cost accounting provides data for managerial

.....

(b) Bin card is a record of ..... only.

(c) Idle time cards are prepared to know the reasons

of .....

(d) A document which evidences a transaction or an entry in a book of account is called

.....

( 4 )

SECTION—II

( Marks : 30 )

Answer the following questions in not more than  
6 sentences each : 3×10=30

1. What is Cost Accounting?



2. What is Standard Costing?

( 6 )

3. What is Stores Ledger?

( 7 )

4. What is Labour Turnover?

( 8 )

5. What is Contract Costing?

6. What is Abnormal Loss?



( 10 )

7. What is Internal Audit?

8. What is Test Checking?

9. What is Vouching?

10. What is Statutory Audit?

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