

2018

(CBCS)

(2nd Semester)

**COMMERCE****( Cost Accounting )**

Full Marks : 75

Time : 3 hours

**( PART : A—OBJECTIVE )**

( Marks : 25 )

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

SECTION—A

( Marks : 10 )

Tick (✓) the correct answer in the brackets provided :

1×5=5

1. The main function of cost accounting is

- (a) ascertainment of cost ( ) (b) profit maximization ( )  
 (c) internal reporting ( ) (d) external reporting ( )

2. In most of the industries, the most important elements of cost is

- (a) labour ( ) (b) materials ( )  
 (c) overheads ( ) (d) capital ( )

3. In Rowan Scheme, more benefits goes to

- (a) employer ( ) (b) employee ( )  
 (c) pensioner ( ) (d) creditor ( )

4. Allotment overheads to cost unit is known as

- (a) apportionment ( ) (b) factory overheads ( )  
 (c) works cost ( ) (d) absorption ( )

5. Where raw material is to pass certain stages of production before it is converted into finished goods, the method of costing used is

- (a) contract costing ( ) (b) job costing ( )  
 (c) batch costing ( ) (d) process costing ( )

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

6. Fixed cost per unit remains fixed. ( T / F )
7. Bin Card is maintained by the costing clerk. ( T / F )
8. When the time saved is 50% of the standard time, both Rowan and Halsey plans pay the same amount of bonus. ( T / F )
9. Director's remuneration forms a part of administration overheads. ( T / F )
10. In Job Costing, each job is a cost unit to which all costs are assigned. ( T / F )

**SECTION—B**

( Marks : 15 )

Write short notes on the following :

3×5=15

1. Opportunity cost
2. ABC system of stores control
3. Accounting treatment of idle time
4. Functional classification of overheads
5. Economic batch quantity

**( PART : B—DESCRIPTIVE )**

( Marks : 50 )

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

Answer **one** question from each Unit

**UNIT—I**

1. "Costing system has become an essential tool in the hands of management." Comment. 10
2. The record of CBM Pvt. Ltd. shows the following details for the year ended 31st March, 2016 :

Production—200 units; Materials—₹ 4,00,000; Direct Labour—₹ 1,80,000;  
Direct Charges—₹ 30,000; Factory Overheads—₹ 1,60,000; Office Overheads—  
₹ 1,20,000; Selling Overheads—₹ 1,30,000; Profit—₹ 1,44,000

It is seen that 60% of selling overheads fluctuates with sales while 70% of the factory overheads remains fixed, irrespective of production. The firm tries to produce 500 units during 2017-18 financial year where it is

anticipated that fixed factory overheads will increase by ₹ 20,000 while direct labour charges per unit will be reduced by 25%. Office overhead and fixed selling overhead charges are expected to increase by 30%, otherwise, no other changes are expected.

Prepare a Cost Sheet for the projected production of 500 units. 10

#### UNIT—II

3. What are the duties and responsibilities of a Storekeeper? 10

4. From the following particulars relating to material A, show how the value of issues should be arrived at under FIFO method : 10

|            |  |
|------------|--|
| 01.01.2017 | Opening Stock—1000 units at ₹ 5 each             |
| 03.01.2017 | Purchased—900 units at ₹ 6 each                  |
| 07.01.2017 | Issued to Job No. 137—1200 units vide MR No. 034 |
| 11.01.2017 | Purchased—800 units at ₹ 6.20 each               |
| 13.01.2017 | Purchased—300 units at ₹ 6.40 each               |
| 15.01.2017 | Issued to Job No. 141—400 units vide MR No. 042  |
| 17.01.2017 | Issued to Job No. 147—600 units vide MR No. 048  |
| 19.01.2017 | Purchased—200 units at ₹ 6.50 each               |
| 25.01.2017 | Issued to Job No. 150—600 units vide MR No. 072  |

#### UNIT—III

5. Distinguish between the following : 5+5=10

(a) Direct Labour and Indirect Labour

(b) Time Keeping and Time Booking

6. (a) The following particulars apply to a particular job :

Standard production per hour—6 units

Normal rate—₹ 1.20 per hour

The workers work for 8 hours a day

Mawia produces—32 units

Sanga produces—42 units

Liana produces—50 units

Calculate the wages of these workers under Merrick Differential Piece Rate System. 5

(b) In order to finish a task, standard time of 15 hours was determined by time and motion study. Rama took 16 hours to finish the job while Siama took 12 hours. Time rate is ₹ 30 per hour.

Calculate the earnings of the workers, if 50 : 50 Halsey Premium Plan is in operation. 5

UNIT—IV

7. Explain the necessity of classifying overheads into Fixed and Variable. 10
8. Mitashi Co. Ltd. is divided into 4 departments— $P_1$ ,  $P_2$ ,  $P_3$  and  $P_4$  (production departments) and  $S_1$  (service department). The actual cost for the year ended 31st December, 2017 are as follows :

|                                    | ₹     |                        | ₹     |
|------------------------------------|-------|------------------------|-------|
| Rent                               | 5,000 | Supervision            | 8,000 |
| Repairs to Plant                   | 4,000 | Fire Insurance (Stock) | 5,000 |
| Depreciation of Plant              | 3,000 | Power                  | 4,000 |
| Employer's Liability for Insurance | 1,200 | Light                  | 3,600 |

The following information is available in respect of the four departments :

| Particulars         | Departments |        |        |        |       |
|---------------------|-------------|--------|--------|--------|-------|
|                     | $P_1$       | $P_2$  | $P_3$  | $P_4$  | $S_1$ |
| Area (sq. meters)   | 280         | 240    | 220    | 180    | 80    |
| No. of workers      | 20          | 25     | 10     | 10     | 5     |
| Total wages (₹)     | 10,000      | 8,000  | 5,000  | 5,000  | 2,000 |
| Value of plant (₹)  | 20,000      | 18,000 | 16,000 | 10,000 | 6,000 |
| Value of stock (₹)  | 15,000      | 10,000 | 5,000  | 2,000  | —     |
| Horsepower of plant | 20          | 14     | 10     | 8      | 6     |

Apportion the costs to the various departments on the most equitable basis. 10

UNIT—V

9. Distinguish between Job Costing and Contract Costing. Describe briefly the procedure of recording costs under Job Costing. 5+5=10
10. A building contractor began to trade on 1st April, 2016. The following was the expenditure on a contract for ₹ 45,00,000 :

|                              | ₹         |
|------------------------------|-----------|
| Materials issued to contract | 7,65,000  |
| Plant used for contract      | 2,25,000  |
| Wages                        | 12,15,000 |
| Other expenses               | 75,000    |

Cash received on account up to 31st March, 2017 amounted to ₹ 19,20,000, being 80% of the work certified

Of the plant and material charged to the contract, Plant which costs ₹ 45,000 and Materials costing ₹ 37,500 were lost

On 31st March, 2017 plant costing ₹ 30,000 was returned to stores, the cost of work done but uncertified was ₹ 15,000 and materials costing ₹ 34,500 were in hand. Charge 15% depreciation on Plant, reserve  $\frac{1}{3}$ rd

of profit earned

Prepare Contract A/c from the above particulars. 10

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