Student's Copy

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(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

(Use of simple calculator is allowed)

SECTION—A

(*Marks* : 10)

1. Choose the correct answer and place its code in the brackets provided :   1×5=5

    (a) Costs which are ascertained after they have been incurred are called
        (i) imputed costs
        (ii) sunk costs
        (iii) historical costs
        (iv) direct costs   [   ]

1   [*Contd.*

(b) Economic Order Quantity is

(i) the maximum quantity

(ii) the optimum quantity

(iii) the minimum quantity

(iv) None of the above   [   ]

(c) A worker gets bonus of $\frac{1}{3}$rd of the time saved is called

(i) Halsey Premium Plan

(ii) Rowan Plan

(iii) Profit-sharing Scheme

(iv) Halsey-Weir Plan   [   ]

(d) The technical term for charging whole items of cost to cost centre or cost unit is known as

(i) apportionment

(ii) classification

(iii) allocation

(iv) absorption   [   ]

(e) Job costing is used in

(i) repair shops

(ii) printing press

(iii) furniture making

(iv) All of the above   [   ]

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

(a) Cost Accounting helps in the ascertainment of cost beforehand.

(T / F)

(b) Stores Ledger is maintained by the costing clerk.

(T / F)

(c) Direct Labour Hour Method of absorption of overhead is suitable where most of the production is done by machines.

(T / F)

(d) Piece Rate System is suitable where quality of goods produced is of extreme importance.

(T / F)

(e) Escalation clause in a contract provides that contract price is fixed.

(T / F)

SECTION—B

(*Marks* : 15)

3. Write short notes on the following :   3×5=15

(a) *(i)* Cost Accounting

OR

(ii) Cost Centre

(b) *(i)* Bill of Material

OR

(ii) Bin Card

(c) *(i)* Labour Turnover

OR

(ii) Idle Time

(d) *(i)* Absorption of Overheads

OR

(ii) Time Rate System

(e) *(i)* Job Costing

OR

(ii) Batch Costing

(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. Explain the objectives and importance of Cost Accounting.   5+5=10

2. The following particulars have been obtained from the cost records for the year 2018 :

Particulars	Amount ₹
Materials used in manufacturing	1,10,000
Materials used in primary packing	20,000
Materials used in selling the product	3,000
Materials used in the factory	1,500
Productive wages	30,000
Factory supervision expenses	4,000
Materials used for office	2,500
Chargeable expenses	10,000
Indirect expenses (factory)	2,000
Administration expenses	3,000
Depreciation of factory building	3,500
Depreciation on office building	1,500
Freight on materials purchased	5,000
Depreciation on delivery van	1,000
Salary paid to the driver of delivery van	3,600
Advertisement	2,000
Bad debt	1,500

Assume that all products manufactured during the year have been sold. What should be the selling price to earn a profit of 20% on sales?   10

UNIT—II

3. Write notes on the following :   5×2=10
   (a) ABC system of stores control
   (b) Classification and codification

4. Prepare a Stores Ledger A/c from the following transactions of *XY* Company Ltd. : 10

2016

April	1	Opening balance—200 units @ ₹ 10 per unit
"	5	Receipt—250 units costing ₹ 2,000
"	8	Receipt—150 units costing ₹ 1,275
"	10	Issue—100 units
"	15	Receipt—50 units costing ₹ 500
"	20	Shortage—10 units
"	21	Receipt—60 units coting ₹ 540
"	22	Issue—400 units

The issue up to 10.04.2016 will be priced at LIFO and from 11.04.2016 issue will be priced at FIFO. Shortage will be charged as overhead.

UNIT—III

5. What do you mean by time booking? Describe the different time booking methods. 3+7=10

6. The standard time allowed for the job is 30 hours. The hourly rate of guaranteed wages is ₹ 1·50. Because of the savings in time, a worker *X* gets an hourly wage of ₹ 1·80 under Rowan Premium Bonus System. For the same saving in time, calculate the hourly rate of wages a worker *Y* will get under Halsey Premium Bonus System. 10

UNIT—IV

7. Define overheads. Explain various classifications of overheads. 3+7=10

8. A machine was purchased for ₹ 5 lakh. The total costs of all machineries inclusive of the new machine was ₹ 75 lakh. The following further particulars are available :

(i) Expected life of the machine—10 years

(ii) Scrap value at the end of ten years—₹ 5,000

(iii) Repairs and maintenance for the machine during the year—₹ 2,000

(iv) Expected number of working hours of the machine per year—4000 hours

(v) Insurance premium annually for all the machines—₹ 4,500

(vi) Electricity consumption for the machine per hour (@ 75 paise per unit)—25 units

(vii) Area occupied by the machine—100 sq. ft

(viii) Area occupied by other machines—1500 sq. ft

(ix) Rent per month of the department—₹ 800

(x) Lighting charges for 20 points for the whole department, out of which three points are for the machine—₹ 120 per month

Compute the machine hour rate for the new machine on the basis of the data given above.　　　　　　10

UNIT—V

9. Explain the meaning of contract costing. Discuss the procedure followed in accounting for costs under contract costing.　　　4+6=10

10. A product passes through two processes. The output of Process—I becomes the input of Process—II and the output of Process—II is transferred to warehouse. The quantity of raw materials introduced into Process—I is 20000 kg at ₹ 10 per kg. The cost and output data for the month under review are as under :

	Process—I	Process—II
Direct materials	₹ 60,000	₹ 40,000
Direct labour	₹ 40,000	₹ 30,000
Production overheads	₹ 39,000	₹ 40,250
Normal loss	8%	5%
Output	₹ 18,000	₹ 17,400
Loss realization of ₹/unit	2·00	3·00

The company's policy is to fix the selling price of the end product in such a way as to yield a profit of 20% on selling price.

You are required to the following questions :   10

(a) Calculate Process A/cs.

(b) Determine the selling price per unit of the end product.

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