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(CBCS)

(2nd Semester)

COMMERCE

(Cost Accounting)

Full Marks : 75

Time : 3 hours

INSTRUCTIONS TO CANDIDATES

(Please read the instructions carefully before you start writing your answers)

1. Questions should be attempted as per instructions.
2. Do not copy the Questions. Indicate the Section and Question No. clearly while attempting the answer.
3. For Multiple choice answer, candidate should indicate the Question No., Sub. No., (if any) and the correct answer. For example :

1. *Name the State capital of Mizoram.*

(a) *Lunglei*

(b) *Aizawl*

(c) *Champhai*

Candidate should provide answer as—Q. No. 1 : (b) *Aizawl*

[Candidate should avoid writing only (b)]

4. The figures in the margin indicate full marks for the questions.

(SECTION : A—OBJECTIVE)

(Marks : 10)

Choose the correct answer from the options provided :

1×10=10

1. Costs which are ascertained after they have been incurred are called

- (a) imputed costs
- (b) sunk costs
- (c) historical costs
- (d) marginal costs

2. Direct Material + Direct Labour + Direct Expenses =

- (a) Prime Cost
- (b) Works Cost
- (c) Cost of Production
- (d) Total Cost

3. At which level normal issues of materials are stopped and urgent action is taken for procurement of materials?

- (a) Minimum level
- (b) Maximum level
- (c) Reorder level
- (d) Danger level

4. A container in which material is kept is known as
- (a) stores ledger
 - (b) material return note
 - (c) bin card
 - (d) None of the above
5. The rate of change in the composition of the labour force in an organization is known as
- (a) labour ratio
 - (b) replacement rate
 - (c) labour turnover
 - (d) overtime
6. Under which system wages are paid for the time worked irrespective of the volume of production during that time?
- (a) Time-rate system
 - (b) Piece-rate system
 - (c) Incentive scheme
 - (d) None of the above

7. Lighting expenses are apportioned on the basis of
- (a) floor area
 - (b) light points
 - (c) number of workers
 - (d) capital values
8. Which of the following is variable cost?
- (a) Salaries of higher officers
 - (b) Prime cost
 - (c) Insurance cost
 - (d) Repair cost
9. Under which method costs are collected and accumulated for each job?
- (a) Job costing
 - (b) Contract costing
 - (c) Batch costing
 - (d) None of the above
10. A Contract A/c is a _____ in nature.
- (a) Real A/c
 - (b) Personal A/c
 - (c) Nominal A/c
 - (d) All of the above

(SECTION : B—SHORT ANSWER)

(Marks : 15)

Write notes on the following :

3×5=15

1. (a) Cost accounting

OR

(b) Opportunity cost

2. (a) Perpetual inventory system

OR

(b) Just- in -Time Inventory system.

3. (a) Labour turnover

OR

(b) Accounting treatment of idle time

4. (a) Difference between Allocation and Apportionment of cost

OR

(b) Treatment of overabsorption of overheads

5. (a) Job costing

OR

(b) Process costing

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions :

10×5=50

1. (a) Explain in detail the important three elements of cost.

10

OR

(b) The following details are obtained from Prime Co. Ltd. for the year ended 31.12.2019 :

<i>Particulars</i>	<i>Amount</i>
	R
Sales	6,00,000
Raw Materials on 01.01.2019	20,000
Raw Materials on 31.12.2019	34,000
Purchase of Raw Materials	80,000
Finished Goods on 01.01.2019	12,300
Finished Goods on 31.12.2019	10,300
Wages	42,000
Office Salaries	90,000
Carriage Outwards	12,000
Repairs of Machines	7,000
Rent and Rates—Factory	50,000
Rent and Rates—Office	70,000
Travelling Expenses of Salesmen	10,000
Commission on Sales	20,000
Depreciation on Plant and Machinery	2,000
Depreciation on Office Furniture	1,500
Warehouse Charges	1,400
Advance Income Tax paid	2,300
Director's Fee	54,000
Advertising Charges	67,000
Bad Debts written off	3,000
Factory Manager's Salary	35,000

Prepare Cost Sheet.

10

2. (a) Explain in brief the following : 5×2=10
- (i) ABC technique of inventory control
- (ii) Economic Order Quantity (EOQ)

OR

- (b) From the following particulars regarding material Y, show how the value of issues should be arrived at under LIFO method : 10

Receipts :

01.01.2019	Opening Stock	—	100 units at R 4 each
05.01.2019	Purchase Order No. 1	—	1000 units at R 5 each
10.01.2019	Purchase Order No. 2	—	800 units at R 6 each
26.01.2019	Purchase Order No. 3	—	500 units at R 4 each

Issues :

11.01.2019	Issued vide MR No. 14	—	900 units
15.01.2019	Issued vide MR No. 17	—	300 units
20.01.2019	Issued vide MR No. 18	—	230 units
29.01.2019	Issued vide MR No. 20	—	600 units

3. (a) Distinguish between the following : 5×2=10
- (i) Time-keeping and Time-booking
- (ii) Taylor's differential piece-rate system and Merrick's multiple piece-rate system

OR

- (b) A worker was guaranteed a wage of R 10·05 per hour for a 45-hour week. The estimated time to produce an article in a factory is 30 minutes and under incentive plan, the time allowed is increased by 20 percent. During a week, a worker produced 110 articles.
- Calculate the wages under each of the methods—(i) time-rate system, (ii) Rowan system and (iii) Halsey (50% sharing) system. 10

4. (a) How are overhead costs classified? Explain in brief.

10

OR

(b) A company has five departments W, X, Y and Z are producing departments and A is service department. The actual costs for a period are as follows :

	R
Repairs	2,000
Rent	2,500
Depreciation	1,200
Supervision	4,000
Insurance	1,500
Lighting	1,800
Employer's Liability Insurance	600

The following data are available in respect of the five departments :

	<i>Dept. W</i>	<i>Dept. X</i>	<i>Dept. Y</i>	<i>Dept. Z</i>	<i>Dept. A</i>
Area (sq. ft.)	140	120	110	90	40
No. of Workers	25	20	10	10	50
Total Wages (in R)	10,000	8,000	5,000	5,000	2,000
Value of Plant (in R)	20,000	18,000	16,000	10,000	6,000
Value of Stock (in R)	15,000	10,000	5,000	2,000	—

Apportion the costs to various departments on equitable basis.

10

5. (a) Define contract costing. Describe the basic procedure for costing of contract in an organization. 10

OR

- (b) DeCoop Ltd., a building contractor, began to trade on 1st April, 2018. The following details the expenditure incurred on a contract for R 5,00,000 :

	R
Materials issued to contract	60,000
Plant used for contract	30,000
Wages paid	80,000
Other expenses	20,000
Work certified	1,50,000
Cash received on account up to 31.03.2019	1,20,000

Of the plant and materials charged to the contract, plant which cost R 5,000 and materials costing R 7,000 were lost. On 31st March, 2019, plant costing R 2,000 was returned to stores

The cost of work done but uncertified was R 50,000 and materials costing R 4,500 were in hand on site

Charge 10% depreciation on plant, and take to Profit & Loss A/c $\frac{2}{3}$ rd of profit received

- Prepare Contract A/c from the above particulars. 10

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