2017

(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)* Distinguish between Cost Accounting and Financial Accounting. 9

Or

(b) Calculate prime cost, factory cost, cost of production, cost of sales and profit from the following particulars : 9

	₹
Direct Materials	1,00,000
Direct Wages	30,000
Wages of Foreman	2,500

	₹
Electric Power	500
Lighting :	
Factory	1,500
Office	500
Storekeeper's Wages	1,000
Oil and Water	500
Rent :	
Factory	5,000
Office	2,500
Repairs and Renewals :	
Factory	3,500
Office	500
Transfer to Reserves	1,000
Discount on Shares written off	500
Depreciation :	
Factory	500
Office	1,250
Consumable Stores	2,500
Manager's Salary	5,000
Directors' Fees	1,250
Office Stationery	500
Telephone Charges	125
Postage and Telegrams	250
Salesmen's Salaries	1,250
Travelling Expenses	500
Advertising	1,250

(Continued)

	₹
Warehouse Charges	500
Sales	1,89,500
Carriage Outward	375
Income Tax	10,000
Dividend	2,000

2. *(a)* Explain the essential features of a good wage system. 9

Or

(b) Following is the Stores Ledger A/c of Hallmark Ltd. :

January	1	Opening Balance — 400 units @ ₹ 2
"	6	Purchased 200 units @ ₹ 3
"	8	Issued 300 units
"	10	Purchased 500 units @ ₹ 1
"	12	Purchased 600 units @ ₹ 2
"	16	Issued 400 units
"	20	Purchased 100 units @ ₹ 9
"	23	Issued 450 units
"	26	Purchased 300 units @ ₹ 4
"	28	Issued 300 units
"	29	Purchased 200 units @ ₹ 7
"	30	Issued 600 units

Prepare Stores Ledger A/c by First-in First-out (FIFO) method. 9

3. *(a)* Discuss the functional classification of overhead. 9

Or

(b) The Modern Company is divided into four departments. P_1, P_2 and P_3 are producing departments and S_1 is a service department. The actual costs for a period are as follows :

	₹
Rent	1,000
Repairs to Plant	600
Depreciation of Plant	450
Employer's Liability for Insurance	150
Supervision	1,500
Fire Insurance in respect of Stock	500
Power	900
Light	120

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

	Departments			
	P_1	P_2	P_3	S_1
Area (sq. metres)	1500	1100	900	500
No. of Employees	20	15	10	5
Total Wages (in ₹)	6,000	4,000	3,000	2,000
Value of Plant (in ₹)	24,000	18,000	12,000	6,000
Value of Stock (in ₹)	15,000	9,000	6,000	—
HP of Plant	24	18	12	6

Apportion the costs to the various departments on the most equitable basis. 9

4. *(a)* What is contract costing? Distinguish between job costing and contract costing. 2+7=9

Or

(b) The following information is extracted from the job ledger in respect of Job No. 606 :

Materials—₹ 3,400

Wages :

Dept. *A* — 80 hours at ₹ 2 per hour

Dept. *B* — 60 hours at ₹ 4 per hour

Variable Overheads :

Dept. *A* — ₹ 5,000 for 4000 direct hours

Dept. *B* — ₹ 6,000 for 3000 direct hours

Fixed Overhead :

₹ 7,500 for 10000 hours of normal working time of the factory

Calculate the cost of Job No. 606 and estimate the percentage of profit if the price quoted is ₹ 4,750. 9

5. *(a)* Brief out the essential features of process costing. 9

Or

(b) The product of company passes through three distinct processes to completion. They are known as *A*, *B* and *C*. It is ascertained that loss is incurred in each process as process *A*—2%, process *B*—5% and process *C*—10%.

In each case, the percentage of loss is computed on the number of units entering the process concerned.

The loss of each process possesses a scrap value. The loss of processes *A* and *B* is sold at ₹ 5 per 100 units and that of process *C* at ₹ 20 per 100 units.

The output of each process passes immediately to the next process and the finished units are passed from process *C* into stock.

	Processes		
	A	*B*	*C*
	₹	₹	₹
Materials Consumed	6,000	4,000	2,000
Direct Labour	8,000	6,000	3,000
Manufacturing Expenses	1,000	1,000	1,500

20000 units have been issued to process *A* at a cost of ₹ 10,000. The output of each process has been as under :

Process *A*—19500; Process *B*—18800 and Process *C*—16000

There is no work-in-progress in any process.

Prepare Process A/cs. 9

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