

2018

( 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) What is cost accounting? What are the advantages of cost accounting? 2+7=9

Or

- (b) The cost records of commodity X for the year ending 31st March, 2017 are as under :

Particulars	₹	Particulars	₹
Purchases	60,000	Closing Stock :	
Works Overheads	24,000	Raw Materials	11,120
Direct Wages	50,000	Finished Goods	
Carriage Inward	720	(2000 units)	16,000

L9/72a

( Turn Over )

( 2 )

<i>Particulars</i>	₹	<i>Particulars</i>	₹
Opening Stocks :		Work-in-Progress	8,000
Raw Materials	10,000	Sales	1,50,000
Finished Goods			
(1000 units)	8,000		
Work-in-Progress	2,400		

Selling and Distribution Overheads are @ of 50 paise per unit of the commodity were incurred during the period on their production. Units produced were 16000. Ascertain—

- (i) cost of raw materials consumed;
- (ii) cost of production for the period;
- (iii) cost of sales;
- (iv) net profit for the period.

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2. (a) Hindustan Ltd. company purchased and issued the material in the following order :

	<i>Unit</i>	<i>Unit Cost</i> (₹)
1st January Purchase	300	3.00
5th January Purchase	600	4.00
10th January Issue	500	—
12th January Purchase	700	4.00
15th January Issue	800	—
20th January Purchase	300	5.00
30th January Issue	100	—

Ascertain the quantity of closing stock as on 31st January under the method of weighted average.

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( 3 )

Or

(b) What is labour turnover? Discuss the different methods of measuring it. 2+7=9

3. (a) What do you understand by absorption of overheads? Describe the various methods of absorption of factory overhead. Which of these methods do you consider the most scientific and why? 2+4+3=9

Or

(b) Modern Manufacturers Ltd. have three Production Departments  $P_1$ ,  $P_2$ ,  $P_3$  and two Service Departments  $S_1$  and  $S_2$ , the details pertaining to which are as under :

	$P_1$	$P_2$	$P_3$	$S_1$	$S_2$
Direct Wages (₹)	3,000	2,000	3,000	1,500	195
Working Hours	3070	4475	2419	—	—
Value of					
Machines (₹)	60,000	80,000	1,00,000	5,000	5,000
HP of Machines	60	30	50	10	—
Light Points	10	15	20	10	5
Floor Space (sq. ft.)	2000	2500	3000	2000	500

L9/72a

( Turn Over )

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Following figures extracted from the accounting records are relevant :

	₹
Rent and Rates	5,000
General Lighting	600
Indirect Wages	1,939
Power	1,500
Depreciation on Machines	10,000
Sundries	9,695

The expenses of the service departments are allocated as under :

	$P_1$	$P_2$	$P_3$	$S_1$	$S_2$
$S_1$	20%	30%	40%	—	10%
$S_2$	40%	20%	30%	10%	—

Find out the total cost of product X which is processed for manufacture in departments  $P_1$ ,  $P_2$  and  $P_3$  for 4, 5 and 3 hours respectively, given that its Direct Material cost is ₹ 50 and Direct Labour cost is ₹ 30.

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4. (a) What is Job-Order Costing? Describe briefly the procedure of recording costs under Job-Order Cost system. 2+7=9

Or

- (b) Surya Construction Ltd. with a paid-up share capital of ₹ 50 lakhs undertook a contract to construct M & G

apartments. The work commenced on the contract on 1st April, 2016. The contract price was ₹ 60 lakhs. Cash received on account of the contract up to 31st March, 2017 was ₹ 18 lakhs (being 90% of the work certified). Work completed but not certified was estimated at ₹ 1,00,000. As on 31st March, 2017 material at site was estimated at ₹ 30,000, machinery at site costing ₹ 2,00,000 was returned to stores and wages outstanding were ₹ 5,000. Plant and Machinery at site is to be depreciated at 5%.

Following were the Ledger Balances (Dr) as per Trial Balance as on 31st March, 2017 :

	₹
Land and Building	23,00,000
Plant and Machinery (60% at site)	25,00,000
Furniture	60,000
Materials	14,00,000
Fuel and Power	1,25,000
Site Expenses	5,000
Office Expenses	12,000
Rates and Taxes	15,000
Cash at bank	1,33,000
Wages	2,50,000

Prepare Contract Account.

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5. (a) RST Limited processes Product Z through two distinct processes, Process-I and Process-II. On completion, it is transferred to finished stock. From the following information for the year, 2016-17 prepare Process-I and Process-II Account :

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<i>Particulars</i>	<i>Process-I</i>	<i>Process-II</i>
Raw Materials used	7500 units	—
Raw Materials cost per unit	₹ 60	—
Transfer to next process	7050 units	6525 units
Normal loss (on inputs)	5%	10%
Direct wages	₹ 1,35,750	₹ 1,29,250
Direct expenses	60% of Direct wages	65% of Direct wages
Manufacturing Overheads	20% of Direct wages	15% of Direct wages
Realisable value of scrap per unit	₹ 12.50	₹ 37.50

Or

- (b) The product of a factory passes through three processes A, B and C. The wastage in each process is 2½%, 5% and 10% respectively. The wastage is sold at the

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rate of ₹ 10, ₹ 20 and ₹ 50 per 10 units of the processes A, B and C respectively. The expenditure incurred is as follows :

	A	B	C
	( ₹ )	( ₹ )	( ₹ )
Materials Consumed	12,000	6,000	3,000
Direct Labour	18,000	12,000	9,000
Manufacturing Expenses	3,000	3,000	4,500

4000 units costing ₹ 16,000 have been issued to process-A. The output of each process is as under :

Process A—3900 units

Process B—3600 units

Process C—3250 units

There is no stock or work-in-progress in any process. Prepare the Process Accounts.

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