

2021

( 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) "Cost Accounting has come to be an essential tool of management." Explain. 9

Or

- (b) The following information has been obtained from the cost records of Aditya Chemicals Ltd. for 2020 :

	₹
Finished Goods on 1-1-2020	50,000
Raw Materials on 1-1-2020	10,000
Work-in-progress on 1-1-2020	14,000

( 2 )

	₹
Direct Labour	1,60,000
Purchase of Raw Materials	98,000
Indirect Labour	40,000
Heat, Light & Power	20,000
Factory, Insurance & Taxes	5,000
Repairs to Plant	3,000
Factory Supplies	5,000
Depreciation (Factory Building)	6,000
Depreciation (Plant)	10,000

Other information made available shown below :

Factory Cost of Goods produced in 2020 is ₹ 2,80,000

Raw Material consumed in 2020 is ₹ 95,000

Cost of Goods sold in 2020 is ₹ 1,60,000

Prepare a Statement of Cost for the year ending 2020. 9

2. (a) Enumerate the causes and effect of labour turnover. What is the impact of high labour turnover on the cost of production? 4+5=9

( 3 )

Or

- (b) From the following records, prepare Store Ledger under FIFO method : 9

2021	
March 1	Opening Balance 1000 units @ ₹ 10
" 3	Purchase of 200 units @ ₹ 12
" 6	Issued 500 units
" 7	Returned to supplier 50 units bought on 3rd March
" 8	Returned to stores 100 units issued on 6th March
" 10	On audit, found shortage of 20 units
" "	Purchase of 500 units @ ₹ 13
" "	Issued 700 units

3. (a) Distinguish between cost allocation and cost apportionment. Explain the principles of apportionment of overhead costs. 4+5=9

Or

- (b) A workman whose basic rate of pay is ₹ 1 per hour is working under 'Rowan' system of premium bonus. In addition, he gets dearness allowance of ₹ 20 per week of 48 hours. During one week, he does the following jobs :

- (i) Job 101 for which 25 hours are allowed, he takes 20 hours

( 4 )

(ii) Job 102 for which 30 hours are allowed, he takes 24 hours

During the week, his waiting time amounts to 4 hours.

Find the worker's earning and the amounts to be charged to each job and to overhead.

4. (a) As newly appointed Cost Accountant, you find that the selling price of Job No. 1234 has been calculated on the following basis :

Materials	₹	12-08
Direct Wages 22 hours at 25 paise per hour		<u>5-50</u>
(Departments A—10 hours, B—4 hours, C—8 hours)		17-58
Plus $33\frac{1}{3}\%$ on prime cost		<u>5-86</u>
		<u>23-44</u>

An analysis of the previous years Profit and Loss Account shows the following :

Materials used	₹	77,500
Direct Wages		
A		5,000
B		6,000
C		4,000

22L/81a

( Continued )

( 5 )

Factory Overheads	₹	
A		2,500
B		4,000
C		1,000
Selling Cost		30,000

You are required to—

- draw up a Job Cost Sheet;
- calculate and enter the revised costs using the previous years as a basis;
- add to the total job cost 10% for profit and give the final selling price.

3+3+3=9

Or

- (b) M/s. Ashley Company commenced the work on a particular contract on 1st April, 2019. They close their books of accounts for the year on 31st December each year. The following information is available from their costing records on 31st December, 2019 :

Materials sent to site	₹	50,000
Wages paid		1,00,000
Foreman's salary		12,000

A machine costing ₹ 32,000 remained in use on site for 1/5th of the year.

22L/81a

( Turn Over )

( 6 )

Its working life was estimated at 5 years and scrap value at ₹ 2,000. A supervisor is paid ₹ 2,000 per month and had devoted one-half of his time on the contract.

All other expenses were ₹ 15,000

The material at site was ₹ 9,000

The contract price gave certificate only for ₹ 4,00,000

On 31st December, 2019, 2/3rd of the contract was completed; however, the Architect gave certificate only for ₹ 2,00,000 on which 75% was paid.

Prepare Contract Account.

9

5. (a) State the advantages and disadvantages of process costing.

9

Or

- (b) A product passes through three distinct processes to completion. These processes are numbered respectively I, II and III. During the week ended 15th January, 2020, 500 units are produced. The following information is obtained :

	Process-I	Process-II	Process-III
Direct Material	3500	1600	1500
Direct Labour	2500	2000	2500

( 7 )

The overhead expenses for the period were ₹ 1,400 apportioned to the processes on the basis of wages.

No work-in-progress or process stocks existed at the beginning or at the end of the week.

Prepare Process Accounts.

9

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