



CA/BC-304

2022

(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) Explain the difference between Cost Accounting and Financial Accounting. 9

Or

- (b) The following extract of costing information relates to commodity A for the half-year ending 31st December, 2020 :

	₹
Purchases of Raw Materials	1,20,000
Works Overheads	48,000

	₹
Direct Wages	1,00,000
Carriage on Purchases	1,440
Stock (1st July, 2020) :	
Raw Materials	20,000
Finished Products (1000 tons)	16,000
Stock (31st December, 2020) :	
Raw Materials	22,240
Finished Products (2000 tons)	32,000
Work-in-Progress (1st July, 2020)	4,800
Work-in-Progress (31st December, 2020)	16,000
Sales—Finished Products	3,00,000

Selling and distribution are ₹ 1 per ton sold

16000 tons of commodity were produced during the period

You are required to ascertain—

- (i) cost of raw materials used and cost of output for the period;
- (ii) cost of sales;
- (iii) net profit per ton of the commodity. 9

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

Or

(b) From the following data provided, you are required to find the Labour Turnover Rate by applying—

- (i) flux method;
- (ii) replacement method;
- (iii) separation method :

9

Number of workers on the payroll :

At the beginning of the month—500

At the end of the month—600

During the month, 5 workers left, 20 persons were discharged and 75 workers were recruited. Of these, 10 workers were recruited in the vacancies of those leaving, while the rest were engaged in expansion scheme.

3. (a) Define overhead. Explain the different classifications of overheads. 2+7=9

Or

- (b) Distribute the following cost to the various departments on the most equitable basis : 9

	₹
Rent, Rates and Taxes	5,000
Repairs to Buildings	11,500
Repairs to Plant	7,500

	₹
Depreciation of Plant	22,500
Insurance of Stock	1,500
Insurance of Plants	750
Power	4,500
Lighting	800
Supervision	6,000
Insurance to Workers	1,900

Additional Information :

	Production Dept.			Service Dept.	
	A	B	C	X	Y
Floor area (sq. mt.)	180	120	100	70	30
Nos. of employees	20	15	12	8	5
HP of machine	600	400	500	—	—
Direct wages (₹)	50,000	40,000	30,000	15,000	5,000
Value of plant (₹)	2,40,000	2,00,000	1,60,000	1,00,000	50,000
Value of buildings (₹)	5,00,000	3,00,000	2,00,000	1,00,000	50,000
Nos. of light points	30	20	15	10	5
Value of stock (₹)	1,50,000	1,00,000	50,000	—	—

4. (a) State the objectives and disadvantages of Job Order Costing.

5+4=9

	₹
Depreciation of Plant	22,500
Insurance of Stock	1,500
Insurance of Plants	750
Power	4,500
Lighting	800
Supervision	6,000
Insurance to Workers	1,900

Additional Information :

	<i>Production Dept.</i>			<i>Service Dept.</i>	
	<i>A</i>	<i>B</i>	<i>C</i>	<i>X</i>	<i>Y</i>
Floor area (sq. mt.)	180	120	100	70	30
Nos. of employees	20	15	12	8	5
HP of machine	600	400	500	—	—
Direct wages (₹)	50,000	40,000	30,000	15,000	5,000
Value of plant (₹)	2,40,000	2,00,000	1,60,000	1,00,000	50,000
Value of buildings (₹)	5,00,000	3,00,000	2,00,000	1,00,000	50,000
Nos. of light points	30	20	15	10	5
Value of stock (₹)	1,50,000	1,00,000	50,000	—	—

4. (a) State the objectives and disadvantages of Job Order Costing.

5+4=9

Or

- (b) M/s. John & Co. commenced the work on a particular contract on 1st April, 2021. 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, 2021 :

	₹
Material 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 $\frac{1}{5}$ of the year. 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 was ₹ 4,00,000. On 31st December, 2021, $\frac{2}{3}$ of the contract was completed. However, the architect gave certificate only for ₹ 2,00,000 on which 75% was paid.

Prepare the Contract A/c.

9

5. (a) What is Process Costing? Explain the difference between Job Costing and Process Costing.

2+7=9

Or

- (b) Bengal Co. Ltd. produced three chemicals during the month of July 2006 by three consecutive processes. In each process, 2% of total weight put in is lost and 10% is scrap which from process (I) and process (II) realises ₹ 100 a ton and from process (III) ₹ 20 a ton.

The products of three processes are dealt with as follows :

	Process—I	Process—II	Process—III
Passed on to the next process	75%	50%	—
Sent to warehouse for sale	25%	50%	100%

Expenses Incurred :

	Process—I		Process—II		Process—III	
	₹	tons	₹	tons	₹	tons
Raw materials	1,20,000	1000	28,000	140	1,07,840	1348
Manufacturing wages	20,500	—	18,520	—	15,000	—
General expenses	10,300	—	7,240	—	3,100	—

Prepare Process A/c showing the cost per ton of each product.

2 0 2 2

(3rd Semester)

COMMERCE

Paper No. : BC-304

(Cost Accounting)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

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

(a) Cost Accounting provides sufficient data for fixation of selling prices.

(T / F)

(b) Bin card contains the quantity of material lying in the bin.

(T / F)

(c) All costs incurred over and above the prime cost are overheads.

(T / F)

- (d) In contract costing, payment of cash to the contractor is made on the basis of uncertified work.

(T / F)

- (e) Normal loss is absorbed by good units.

(T / F)

2. Put a Tick [✓] mark against the correct answer in the brackets provided : 1×10=10

- (a) The main purpose of Cost Accounting is to

- (i) maximize profits []
- (ii) provide information to management for decision making []
- (iii) help in fixing selling price []
- (iv) know the financial position on a particular date []

(b) Which of the following is not a method of costing?

(i) Contract costing []

(ii) Marginal costing []

(iii) Batch costing []

(iv) Process costing []

(c) Stores Ledger

(i) makes a record of quantities only []

(ii) is maintained by the storekeeper []

(iii) makes a record of both quantities and values []

(iv) is normally kept inside the stores []

(d) When prices are decreasing, the best method of valuing material issues is

(i) FIFO []

(ii) LIFO []

(iii) average price []

(iv) None of the above []

(e) A worker gets bonus of 1/3rd of the time saved in

(i) Halsey premium plan []

(ii) Rowan plan []

(iii) Halsey-Weir plan []

(iv) profit-sharing scheme []

(f) Which of the following piece rates is not applied under Merrick's multiple piece rate system?

- (i) 90% of ordinary piece rate if level of performance is 83% of standard output []
- (ii) 100% of ordinary piece rate if level of performance is in between 83% and 100% of standard output []
- (iii) 110% of ordinary piece rate if level of performance is more than 100% of standard output []
- (iv) All of the above []

(g) Batch costing is applied in

- (i) pharmaceutical industries []
- (ii) computer industries []
- (iii) toy-making industries []
- (iv) All of the above []

- (h) If the work certified is more than 50% of the contract price but less than 90% of the contract price, profit will be calculated as

(i) Notional Profit

$$\times \frac{1}{3} \times \frac{\text{Cash Received}}{\text{Work Certified}} \quad [\quad]$$

(ii) Notional Profit

$$\times \frac{2}{3} \times \frac{\text{Cash Received}}{\text{Work Certified}} \quad [\quad]$$

(iii) Estimated Profit

$$\times \frac{\text{Work Certified}}{\text{Contract Price}} \quad [\quad]$$

(iv) None of the above []

- (i) When the actual loss in a process is more than the estimated loss, the difference between the two is considered to be

(i) normal loss []

(ii) abnormal loss []

(iii) expired loss []

(iv) None of the above []

(j) Contract costing is not used in which one of the following industries?

(i) Automobiles []

(ii) Civil construction []

(iii) Construction of bridges []

(iv) Shipbuilding []

3. Write short notes on the following :

2×5=10

(a) Elements of Cost

(b) Stores Ledger

(c) Primary Distribution Overheads

(d) Job Costing

(e) Abnormal Gain and Abnormal Loss

★ ★ ★