



ACMA/BCAF-05

2022

(5th Semester)

COMMERCE

(Honours)

Paper No. : BCAF-05

(Advanced Cost and Management Accounting)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) What do you mean by Cost Accounting?
Distinguish between Management
Accounting and Financial Accounting.

4+10=14

Or

- (b) Following is the summarized version of
Trading and Profit & Loss A/c of
Oriental Enterprise Ltd. for the year
ended 31st December, 2020 :

| Particulars | ₹ | Particulars | ₹ |
|-----------------|--------|--------------------|----------|
| To Material | 48,000 | By Sales | 1,00,000 |
| " Wages | 36,000 | " Closing Stock of | |
| " Work Expenses | 24,000 | Finished Goods | 20,400 |

(2)

| <i>Particulars</i> | ₹ | <i>Particulars</i> | ₹ |
|--------------------|-----------------|-----------------------|-----------------|
| To Gross Profit | 18,400 | By Work-in-Progress : | |
| | | Material | 3,000 |
| | | Wages | 1,800 |
| | | Work | |
| | | Expenses | 1,200 |
| | <u>1,26,400</u> | | <u>6,000</u> |
| | | | <u>1,26,400</u> |
| To Administration | | By Gross Profit | 18,400 |
| Expenses | 6,000 | | |
| " Selling | | | |
| Expenses | 4,000 | | |
| " Net Profit | 8,400 | | |
| | <u>18,400</u> | | <u>18,400</u> |

During the year, 6000 units were manufactured and 4800 units were sold. The costing records show that works overheads have been absorbed @ 50% of direct wages, administration overheads @ ₹ 1.50 per unit produced and selling overheads @ ₹ 1.00 per unit sold. Financial A/c and Cost A/c books show different profits.

Calculate profit as per Cost A/c and prepare a statement reconciling two profits disclosed under two sets of books, clearly bringing out the reasons for the difference.

14

2. (a) Prepare a Stores Ledger for the month of July 2021 from the following particulars using LIFO method of valuation of issues :

14

| | | | |
|------|----|----------------------------------|--------------------|
| July | 1 | Opening Balance | 500 units @ ₹ 2.00 |
| " | 3 | Issue | 70 units |
| " | 4 | Issue | 10 units |
| " | 7 | Receipt | 200 units @ ₹ 2.10 |
| " | 9 | Return (from issue dated July 3) | 20 units |
| " | 10 | Shortage found | 10 units |
| " | 13 | Issue | 70 units |
| " | 14 | Receipt | 100 units @ ₹ 2.20 |
| " | 18 | Issue | 300 units |
| " | 26 | Receipt | 50 units @ ₹ 2.00 |
| " | 30 | Issue | 60 units |

Or

- (b) What do you understand by the term 'labour turnover'? Discuss the causes of labour turnover.

5+9=14

3. (a) A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2020 and the following data are available for the year ended 31st March, 2021 :

| | |
|-------------------|-------------|
| | ₹ (in '000) |
| Contract of price | 35000 |
| Work certified | 20000 |

| | ₹ (in '000) |
|----------------------------------|-------------|
| Progress payments received | 15000 |
| Materials issued to site | 7500 |
| Planning and estimation cost | 1000 |
| Direct wages paid | 4000 |
| Materials returned from site | 250 |
| Plant hire charges | 1750 |
| Wages related costs | 500 |
| Site office cost | 678 |
| Head office expenses apportioned | 375 |
| Direct expenses incurred | 902 |
| Work not certified | 149 |

The contractor own a plant which originally cost ₹ 20,00,000 has been continuously in use in this contract throughout the year. The residual value of the plant after 5 years of life is expected to be ₹ 5,00,000. Straight-line depreciation is in use. As on 31st March, 2021, the direct wages due and payable amounted to ₹ 2,70,000 and the materials at site were estimated at ₹ 2,00,000.

You are required to—

- (i) prepare Contract A/c for the year ended 31st March, 2021;
- (ii) show the relevant Balance Sheet entries.

(5)

Or

(b) A product passes through three processes A, B and C. The normal loss of each process is as follows :

Process A—3%

Process B—5%

Process C—8%

Loss of process A was sold at 25 paise per unit, that of B at 50 paise per unit and that of C at ₹ 1.00 per unit. 10000 units were introduced to process A at ₹ 1.00 per unit. The other expenses were as follows :

| | Process | | |
|--------------------------|---------|-------|-------|
| | A | B | C |
| Materials (in ₹) | 1,000 | 1,500 | 500 |
| Labour (in ₹) | 5,000 | 8,000 | 6,500 |
| Direct Expenses (in ₹) | 1,050 | 1,188 | 2,009 |
| Actual Output (in units) | 9500 | 9100 | 8100 |

Prepare Process A/cs.

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4. (a) From the following data, calculate—

- (i) P/V ratio;
- (ii) profits when sales are ₹ 32,000;
- (iii) new BEP, if selling price is reduced by 10% : 4+5+5=14

| | |
|------------------|--------|
| | ₹ |
| Fixed cost | 5,000 |
| Break-even point | 15,000 |

Or

- (b) What is standard costing? Discuss the importance of standard costing as a tool of cost control. 4+10=14

5. (a) For production of 10000 units, the following are budgeted expenses :

| | |
|---|------------|
| | ₹ |
| | (per unit) |
| Direct Materials | 60 |
| Direct Labour | 30 |
| Variable Overheads | 25 |
| Fixed Overheads (₹ 1,50,000) | 15 |
| Variable Expenses (direct) | 5 |
| Selling Expenses (10% fixed) | 15 |
| Administration Expenses | |
| (₹ 50,000 fixed for all levels of production) | 5 |
| Distribution Expenses (20% fixed) | 5 |
| Total Cost | <u>160</u> |

Prepare a budget for production of 6000 and 8000 units.

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(7)

Or

- (b) Explain the concept of responsibility accounting. Discuss the essential features of responsibility accounting.

4+10=14

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