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**4 SEM TDC COAC (CBCS) C 408**

**2023**

( May/June )

**COMMERCE**

( Core )

Paper : C-408

**( Cost Accounting )**

*Full Marks : 80*

*Pass Marks : 32*

*Time : 3 hours*

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

**1. (a) Fill in the blanks : 1×4=4**

(i) A \_\_\_\_\_ is a device for the purpose of breaking up costs into smaller subdivisions.

(ii) \_\_\_\_\_ level is the level above which stocks are not allowed to rise.

( 2 )

(iii) Costs that contain both fixed and variable elements are known as \_\_\_\_ costs.

(iv) Under Job Costing, each job or order is given a \_\_\_\_.

(b) Write True or False : 1×4=4

(i) Opportunity cost is the cost of opportunity lost.

(ii) Labour turnover is harmful and costly.

(iii) All direct costs are termed as overhead.

(iv) In Contract Costing, materials purchased or supplied from the stores shall be credited to Contract Account.

2. Write short notes on any *four* of the following : 4×4=16

(a) Elements of Costs

(b) Economic Order Quantity

(c) Piece-rate System

(d) Machine Hour Rate

(e) Batch Costing

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( Continued )

( 3 )

3. (a) "Cost Accounting has become an essential tool of management." Explain this statement. What are its limitations?

8+6=14

Or

(b) From the following particulars, prepare a Cost Sheet for the month of January 2023 : 14

Stock of raw materials on 1st January, 2023—₹ 30,000

Stock of raw materials on 31st January, 2023—₹ 45,000

Purchases of raw materials—₹ 2,80,000

Productive wages—₹ 63,000

Depreciation—₹ 20,000

Factory rent—₹ 18,000

Materials destroyed by fire—₹ 2,000

Office rent—₹ 48,000

General expenses—₹ 6,000

Selling overhead—₹ 15,000

Number of units produced during the month—4000 units

Stock of finished goods on 1st January, 2023 was 2000 units valued at ₹ 30,000

Stock of finished goods on 31st January, 2023 was 500 units. Apply FIFO method.

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( Turn Over )

4. (a) Two materials X and Y are used as follows :

Minimum usage—50 units per week each

Maximum usage—150 units per week each

Normal usage—100 units per week each

|                           | X      | Y      |
|---------------------------|--------|--------|
| Ordering Quantity (units) | 600    | 1000   |
| Delivery Period (weeks)   | 4 to 6 | 2 to 4 |

Calculate for each material :  $3\frac{1}{2} \times 4 = 14$

(i) Minimum Level

(ii) Maximum Level

(iii) Reordering Level

(iv) Average Stock Level

Or

- (b) Calculate normal and overtime wages payable to a workman on the basis of the following particulars :

| Days      | Hours Worked |
|-----------|--------------|
| Monday    | 9            |
| Tuesday   | 8            |
| Wednesday | 10           |
| Thursday  | 11           |
| Friday    | 9            |
| Saturday  | 5            |

Normal working hours are 8 hours per day and the normal rate of wages is ₹ 12.50 per hour. Overtime pay is at the under-mentioned rates :

Upto 9 hours in a day at single rate and over 9 hours in a day at double rate. Alternatively, upto 48 hours in a week at single rate and over 48 hours at double rate.

Which is more beneficial to the workman?

14

5. (a) What do you understand by over-absorption and under-absorption of overheads? What are the causes of under-absorption and over-absorption of overheads? How are they treated in Cost Accounts?  $2+2+8+2=14$

Or

- (b) A manufacturing company has three production departments and two service departments. Overhead allocated for a year to these departments are as follows :

|   | Production Dept.<br>( ₹ ) | Service Dept.<br>( ₹ ) |
|---|---------------------------|------------------------|
| A | 5,000                     | 1. 2,000               |
| B | 3,000                     | 2. 3,000               |
| C | 2,500                     |                        |

( 6 )

The following percentages are applicable for the apportionment of the costs of the service departments :

| Dept. | A   | B   | C   | 1   | 2   |
|-------|-----|-----|-----|-----|-----|
| 1     | 40% | 30% | 10% | —   | 20% |
| 2     | 20% | 40% | 30% | 10% | —   |

Find out the total costs of production departments after apportionment of the costs of the service departments taking into consideration inter-departmental services.

14

6. (a) The following information relates to a building contract for ₹ 10,00,000 :

|                               | 2021-22<br>(₹) | 2022-23<br>(₹) |
|-------------------------------|----------------|----------------|
| Materials issued              | 3,00,000       | 84,000         |
| Direct wages                  | 2,30,000       | 1,05,000       |
| Direct expenses               | 22,000         | 10,000         |
| Indirect expenses             | 6,000          | 1,400          |
| Work certified                | 7,50,000       | 10,00,000      |
| Work uncertified              | 8,000          | —              |
| Materials at site             | 5,000          | 7,000          |
| Plant issued                  | 14,000         | 2,000          |
| Cash received from contractor | 6,00,000       | 10,00,000      |

Value of plant as on 31st March, 2022 was ₹ 7,000 and on 31st March, 2023 was ₹ 5,000.

( 7 )

Prepare (i) Contract Account and (ii) Contractee's Account for the years 2021-22 and 2022-23 taking into consideration such profit for transfer to the Profit and Loss Account as you think proper. 7+7=14

Or

- (b) What is a Reconciliation Statement? Why is it necessary to reconcile the profit shown by the Cost Accounts and Financial Accounts? Under what circumstances such reconciliation be avoided? 3+7+4=14

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