[This question paper contains 24 printed pages.]

Your Roll No...............

Sr. No. of Question Paper	:	**3686**	**J**
Unique Paper Code	:	2412082402	
Name of the Paper	:	Cost Accounting	
Name of the Course	:	**B. Com. (H.) UGCF**	
Semester	:	IV – DSC	

Duration : 3 Hours   Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.
3. **All** questions carry equal marks.
4. Use of simple calculator is allowed.
5. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

छात्रों के लिए निर्देश

1. इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए ।
2. सभी प्रश्नों के उत्तर दीजिए ।
3. सभी प्रश्नों के अंक समान हैं ।
4. साधारण कैलकुलेटर उपयोग की अनुमति है ।
5. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए ।

1. (a) "A sound costing system must place the same emphasis on cost control as on cost ascertainment." Comment on the statement. (6)

(b) "Costs may be classified in a variety of ways according to their nature and the information needs of management." Explain and discuss this statement giving examples of classification required for different purposes. (12)

OR

(a) State and explain the main differences between cost accounting and financial accounting. (6)

(b) The following details have been extracted from the cost records of XYZ Ltd.:

Particulars	₹
Stock of raw materials on January 1, 2023	1,50,000
Stock of raw materials on January 31, 2023	1,80,000
Direct wages	80,000
Indirect wages	6,000
Work-in-progress January 1, 2023	56,000
Work-in-progress January 31, 2023	70,000
Purchase of raw materials	1,60,000
Factory rent, rates and power	30,000
Depreciation of plant and machinery	7,000
Royalty payments (on production)	25,000
Expenses incurred on quality check activities	10,000

Office and Administrative expenses:

Production related	22,000
General office expenses	10,000
Carriage inward	3,000
Carriage outward	2,000
Advertising	5,000
Traveller's wages	12,000
Primary packing cost	3,000
Packing cost for redistribution of finished product	1,000
Interest on the hire-purchase installments	2,000

Stock of finished goods as on 1.1.2023 was 1,000 units having a total cost of ₹54,000. The units manufactured during the month were 10,000 units and the closing stock of finished goods at the end of the month was 2,000 units. The company wants to have a profit of 25% on cost. You are required to prepare a cost sheet giving the cost and profit. (12)

2. (a) What do you mean by labour turnover? Discuss the different methods used for calculating the labour turnover rate. (6)

(b) The Kisan Co. follows the policy of Economic Order Quantity for two brands of lawn fertilisers: F1 and F2. The following relevant information is collected from their cost records :

	F1 (in ₹)	F2 (in ₹)
Relevant Ordering Cost per Purchase Order	1,200	1,400
Annual relevant carrying cost per bag	480	560
Total Cost of carrying and ordering per annum	48,000	44,800

(i) Compute the annual requirement and the economic order quantity for F1 and F2.

(ii) If the minimum lot size to be supplied by the supplier is 200 bags of fertiliser F1, what is the extra cost the company has to incur annually? (12)

OR

(a) Discuss the suitability of FIFO and LIFO methods of pricing of material issues in the periods of steadily rising prices and steadily falling prices. (6)

(b) ABC Co. provides the following emoluments and benefits to its employee 'Z':

Salary	₹250 per month
Dearness Allowance	
On 1st ₹100 of salary	₹400
On next ₹100 of salary	₹100
On balance of every ₹100	₹50 or part thereof
Employer's contribution	
– to Provident Fund	8% of salary and D.A.
– to ESI	4% of salary and D.A.
Bonus	20% of salary and D.A.
Other allowances	₹2,725 per annum

Z works for 2,200 hours per annum, out of which 200 hours are non-productive but treated as normal idle time. Z worked for 20 effective hours on Job no. 15 where the cost of direct materials equals Z's earnings and the overheads are charged at ₹5 per hour. The sale value of job is quoted to earn a profit of 20% on such value. You are required to compute :

(i) Effective hourly cost of Z, and

(ii) Expected Sale value of Job no. 15. (12)

3. The New Enterprises Ltd. has three production departments A, B and C and two service departments, D and E. The following figures are extracted from the records of the company:

	₹
Rent and Rates	5,000
General Lighting	600
Indirect Wages	1,500
Power	1,500
Depreciation of machinery	10,000
General Overheads	10,000

The following further details are available:

	Total	A	B	C	D	E
Floor Space (sq. ft)	10,000	2,000	2,500	3,000	2,000	500
Light Points	60	10	15	20	10	5
Direct wages (₹)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	30	50	10	-
Machinery value (₹)	2,50,000	60,000	80,000	1,00,000	5,000	5,000
Working Hours	-	6226	4028	4066	-	-

General overheads are to be distributed on the basis of direct wages. The expenses of D and E are reapportioned as follows :

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

You are required to prepare the statements showing :

(i) Allocation and apportionment of overheads

(ii) Reapportionment of service department's overheads following simultaneous equation method.

Also compute the hourly rates of overhead absorption for the three production departments. (18)

OR

(a) Why do under or over absorption of production overheads arise? How is it treated in cost accounts? (6)

(b) A manufacturing unit has added a new machine to its fleet of five existing machines. The total cost of purchase and installation of the machine is ₹7,50,000. The machine has an estimated life of 15 years and is expected to realise ₹30,000 as scrap at the end of its working life. Other relevant data are as follows :

(i) Budgeted working hours are 8 hours per day for 300 days. This includes 400 hours for plant maintenance and 200 hours for setting up.

(ii) Electricity used by the machine is 15 units per hour at a cost of ₹2 per unit. No current is drawn during maintenance and setting up.

(iii) The machine requires special oil for heating which is replaced once in every month at a cost of ₹2,500 on each occasion.

(iv) Estimated cost of maintenance of the machine is ₹500 per week of 6 working days.

(v) 3 operators control the operations of the entire battery of 6 machines and the average wages per operator amounts to ₹450 per week plus 40% fringe benefits.

(vi) Departmental overheads allocated to the operations during the last year was ₹60,000. During the current year it is estimated that there will be an increase of 12.5% of this amount.

Compute comprehensive machine hour rate assuming setting up time is productive. (12)

4. A product passes through three separate processes namely A, B and C for completion. 20,000 units were issued to Process A in the beginning of month at a cost of ₹8,000. The other particulars were as follows :

Particulars	Process A	Process B	Process C
Sundry Materials (₹)	6,000	7,500	6,500
Direct Labour (₹)	4,000	7,500	4,564
Manufacturing Expenses (₹)	1,620	2,836	2,000
% of Normal Scrap	2%	5%	10%
Scrap value per 100 units (₹)	5	20	10
Actual Output (units)	19,600	18,400	16,700

In each case, the percentage of scrap is computed on the number of units entering in the process concerned. There were no opening or closing stocks of work-in-progress.

You are required to prepare Process Accounts as well as other relevant accounts. (18)

OR

A company undertook a contract for construction of a large building complex. The construction work commenced on 1st April, 2023 and the following data are available for the year ended on 31st March, 20X4 :

(figure in ₹' 000)

Contract price	35,000
Progress Payment received (being 75% of work certified)	15,000
Material issued to site	7,500
Planning and Estimating costs	1,000
Direct wages paid	4,000
Plant Hire charges	1,750
Wage related costs	500
Site Office costs	678
Head Office Expenses apportioned	375
Direct Expenses incurred	902
Work not certified	149

The contractors own a plant (originally costing ₹20 lakhs) which has been continuously used in this contract throughout the year. The residual value of plant after 5 years of life is expected to be ₹5 lakhs. Straight Line method of depreciation is in use.

Materials costing ₹2,50,000 was found unsuitable and thus returned from site. It was sold for ₹2,30,000. As on 31st March, 20X4 direct wages due and payable amounted to ₹2,70,000 and the materials lying at site were estimated at ₹2,00,000. You are required to prepare the contract account for the year ended on 31st March, 2024 and show the relevant balance sheet entries also. (18)

5. (a) A manufacturing company follows non-integral system of accounting. For the year ended on 31st March, 2024, the net profits of the company stood at ₹5,000 as per financial records. The cost books however showed a net loss of ₹4,200 for the same period. A careful scrutiny of the figures from both the set of books revealed the following :

	₹
Income tax provided in financial books	4,000
Bank interest credited only in financial books	2,500
Works overhead under-recovered in cost books	2,700
Depreciation charged in financial books	6,000
Depreciation charged in cost books	8,000
Office and Administration overheads over-recovered	1,850
Loss due to obsolescence charged in financial books	1,800
Interest on investments not included in cost accounts	12,400
Stores adjustments credited in financial books	300
Loss due to depreciation in stock values charged in financial books	1,350

You are required to prepare a reconciliation statement as on 31st March, 2024. (9)

(b) Deluxe Transport Company has got a permit to run a bus between two towns which are 20 kms apart. The bus costs the company a sum of ₹1,00,000 and is likely to last for 5 years without any scrap value. It has been insured at 3% p.a. and the annual tax will amount to ₹2,000.

The salaries of driver and conductor will be ₹300 p.m. and ₹200 p.m. respectively in addition to 10% of takings as commission (to be shared equally by both). Manager's salary is ₹700 p.m., petrol and oil will cost ₹50 per 100 kms and the cost of stationery will be ₹100 p.m.

The bus will run on average for 25 days in a month and make 3 round trips per day carrying on an average 40 passengers on each trip. Assuming 15% profits on takings, calculate the bus fare to be charged from each passenger per km. (9)

OR

(a) A factory which uses job costing has estimated the following expenditure for the upcoming year :

	₹
Direct Materials	1,00,000
Direct Wages	3,00,000
Direct Expenses	25,000
Work Overheads	75,000
Administration Overheads	1,50,000
Selling and Distribution Overheads	2,50,000

Work overheads are charged as a % of direct labour cost while administration overheads as well as selling and distribution overheads are recovered as % of works cost. A work order no.108 has to be executed in the above period and the following expenses are estimated :

Direct Materials	₹26,000
Direct Wages	₹78,000
Direct Expenses	₹6,500

Calculate cost of the work order no.108 and the price to be quoted so as to earn a profit of 10% on sales. (9)

(b) "Non-integrated accounting is one of the systems of cost control accounting to keep cost books." Explain.

Also, journalise the following transactions in the cost books of a company following non-integrated accounting :

(i) Materials purchased on credit

(ii) Wages paid

(iii) Material issued to production

(iv) Work Overheads charged to production (9)

1. (क) "एक सही लागत प्रणाली को लागत निर्धारण के साथ-साथ लागत नियंत्रण पर भी समान ध्यान देना चाहिए।" इस कथन पर टिप्पणी कीजिए। (6)