

4/COM-251 Syllabus-2023

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(May-June)

FYUP : 4th Semester Examination

COMMERCE

(Cost Accounting)

(COM-251)

Marks : 75

Time : 3 hours

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

1. (a) Define costing and state its objectives. 3+5=8

(b) Distinguish between Cost Accounting and Financial Accounting. 7

Or

(a) What is a Cost Sheet? State the purposes served by a Cost Sheet. 2+3=5

- (b) A factory produces a standard product. The following information is given to you from which you are required to prepare a Cost Sheet for the period ended 31st July, 2024 :

Opening Stock	₹10,000
Purchases	₹85,000
Closing Stock	₹4,000
Direct Wages	₹20,000
Other Direct Expenses	₹10,000

Factory Overheads 100% of direct labour

Office Overheads 10% of works cost

Selling and Distribution Expenses ₹2 per unit sold

Units of finished product :

In hand at the beginning of the period—

1000 units (value ₹16,000)

Produced during the period—10000 units

In hand at the end of the period—2000 units

Also, find out the selling price per unit on the basis that profit mark-up to yield 20% of the selling price. There was no work-in-progress either at the beginning or at the end of the period.

10

2. (a) What do you understand by the term 'inventory control'? State its objectives.

2+3=5

- (b) A pump company uses about 75000 valves per year and the usage is fairly constant at 6250 per month. The valves cost ₹1.50 per unit and carrying cost is estimated to be 20% of average inventory investment on an annual basis. The cost to place an order and to process the delivery is ₹18. It takes 45 days to receive delivery from the date of an order and a safety stock of 3250 valves is desired. You are required to determine—

(i) the most economical order quantity and frequency of orders;

(ii) the re-order level;

(iii) the most economical order quantity if valves cost ₹4.50 each instead of ₹1.50 each.

10

Or

- (a) Write short notes on (i) Bin Card and (ii) Stores Ledger.

3+3=6

- (b) From the following particulars, prepare Stores Ledger Account showing the pricing of materials issued following LIFO method for the month of December 2024 : 9

Dec. 1	Opening Stock	500 units @ ₹2.00 per unit
Dec. 3	Purchased	400 units @ ₹2.10 per unit
Dec. 5	Issued	600 units to Job K
Dec. 7	Purchased	800 units @ ₹2.40 per unit
Dec. 9	Issued	500 units to Job P
Dec. 12	Returned from Job K	200 units
Dec. 17	Purchased	400 units @ ₹2.50 per unit
Dec. 25	Issued	600 units to Job Z

3. (a) What do you understand by labour turnover? What are the causes of labour turnover? 3+4=7

- (b) From the following particulars, work out the earnings of a worker for a week : 8

(i) Straight piece rate

(ii) Differential piece rate

(iii) Halsey premium system

(iv) Rowan system

Number of working hours per week—48

Wages per hour—₹ 3.75

Rate per piece—₹ 1.50

Normal time per piece—20 minutes

Normal output per week—120 pieces

Actual output for the week—150 pieces

Or

- (a) What do you understand by the term 'overhead cost'? What is the advantage of classifying overheads into fixed and variable? 3+4=7

- (b) You are supplied with the following information and required to work out the production hour rate of recovery of overheads in departments A, B and C under the Repeated Distribution Method : 8

	Production Departments			Service Departments	
	A	B	C	P	Q
Primary overhead (₹)	7,810	12,543	4,547	4,000	2,600

Expenses of Service Departments P and Q are apportioned as under :

	A	B	C	P	Q
P	30%	40%	20%	—	10%
Q	10%	20%	50%	20%	—

Estimated working hours of production are as under :

	A	1000 hrs
Departments	B	2500 hrs
	C	1400 hrs

4. The following are the particulars relating to a contract which has begun on 1st January, 2024 :

	₹
Contract Price	5,00,000
Machinery	30,000
Materials	1,70,600
Wages	1,48,750
Direct Expenses	6,330
Outstanding Wages	5,380
Uncertified Work	9,000
Overheads	8,240
Materials Returned	1,600
Materials on Hand 31st December, 2024	3,700
Machinery on Hand 31st December, 2024	22,000
Value of Work Certified	3,90,000
Cash Received	3,51,000

Prepare the Contract Account for the year 2024, showing the amount of profit that may be taken to the credit of Profit and Loss Account of the year. Also, show the amount of the work-in-progress as it would appear in the Balance Sheet as on 31st December, 2024.

12+3=15

Or

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

Process A—3 percent

Process B—5 percent

Process C—8 percent

Wastage of Process A was sold at 25 p per unit, that of Process B at 50 p per unit and that of Process C at ₹ 1 per unit. 10000 units were issued to Process A in the beginning of October 2024 at a cost of ₹ 1 per unit. The other expenses were as follows :

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

Prepare the Process Accounts, assuming that there were no opening and closing stocks. Also, give the Abnormal Loss and Abnormal Gain Accounts.

15

5. Write short notes on any *three* of the following : 5×3=15

(a) Cost reduction vs. Cost control

(b) Duties of a storekeeper

(c) Time-rate system vs. Piece-rate system

(d) Operational costing
