Please write your Exam Roll No.) *Exam Roll No. .....*

END TERM EXAMINATION

THIRD SEMESTER (B.COM(HONS.)) JANUARY-2024

Paper Code: B.COM-201 ***Subject: Cost Accounting***

Time: 3 Hours ***Maximum Marks :75***

Note: Attempt five questions in all including Q.no.1 which is compulsory.

Q1 Briefly explains **any three** of the following: **(3x5=15)**

(a) Explain the important objectives of cost accounting.
(b) Perpetual inventory system and periodic inventory system
(c) Rowan and Halsey plan
(d) Economic Order Quantity (EOQ)

Q2 In manufacturing its products, a company uses three raw materials A, B, and C, in respect of which the following apply:

Raw Materials	Usage per unit of product (kg)	Reorder quantity (kg)	Price per kg	Delivery period (weeks)	Order level	Minimum level
A	10	10,000	0.10	1 to 3	8000	-
B	4	5,000	0.30	3 to 5	4750	-
C	6	10,000	0.15	2 to 4	-	2000

Weekly production varies from 175 to 225 units, averaging 200. What would you expect the quantities of the following to be:

(a) Minimum stock of A
(b) Maximum stock level of B
(c) Reorder level of C
(d) Average stock level of A?

(15)

Q3 You are given the following information of a worker:

(i)	Name of worker	"Z"
(ii)	Ticket no.	010
(iii)	Work started	1-4-21 @8 am
(iv)	Work finished	5-4-21@12noon
(v)	Work allotted production of	2,160 units
(vi)	Work done and approved	2,000 units
(vii)	Time and units allowed	40 units per hour
(viii)	Wage rate	₹ 25 per hour
(ix)	Bonus	40% of time saved

Worker 'Z' worked 9 hour a day

Calculate the remuneration of the workers on the basis of:

(i) Halsey plan 40% (ii) Rowan plan

(15)

Q4 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-5percent, and Process C-8percent. Wastage of process A was sold at 25paisa per unit, that of process B at 50 paisa per unit and that of Process C at ₹ 1 per unit.10,000 units were issued to Process A in the beginning of October 2012 at a cost of ₹ 1 per unit. The other expenses were as follows:

P.T.O.

	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	9,500 units	9,100 units	8,100 units

Prepare the process accounts, assuming that there was no opening or closing stocks. Also give the abnormal wastage and abnormal gain accounts. **(15)**

Q5 What is contract costing? Is it desirable to take profit on incomplete contract? If so, to what extent and why? **(15)**

Q6 Modern contractors have undertaken the following two contracts on 1January 2021.

	Contract A	Contract B
Material sent to sites	85,349	73,267
Labour engaged on sites	74,375	68,523
Plants installed at sites at cost	15,000	12,500
Direct expenditures	3,167	2,859
Establishment charges	4,126	3,852
Material returned to store	549	632
Work certified	1,95,000	1,45,000
Cost of work not certified	4,500	3,000
Material in hand on 31 Dec 2021	1,883	1,736
Wages accrued on 31 Dec 2021	2,400	2,100
Direct expenditures accrued on 31 Dec 2011	240	180
Value of plant on 31 December 2021	11,000	9,500

The contract prices have been agreed at ₹ 2,50,000 for contract A and ₹ 2,00,000 for contract B. cash has been received from the contractee's as follows:
Contract A ₹ 1,80,000 and contract B ₹ 1,40,000.
Prepare contract accounts, contractee's account and show how the work-in-progress shall appear in the balance-sheet of the contractor. **(15)**

(15)

Q7 The following information is given:

(i) The original cost of the machine used (purchased in June 2012) was ₹ 10,000. Its estimated life is 10 years, the estimated scrap value at the end of its life is ₹ 1,000 and the estimated working time per year (50weeks of 44 hours) is 2,200 hours, of which machine maintenance, etc, is estimated to take up 200 hours.

(ii) Setting up time of 100 hours is estimated.

(iii) Electricity used by the machine during production is 16 units per hour, at a cost of 20 paise per unit. No current is taken during maintenance or setting up.

(iv) The machine requires a chemical solution which is replaced at the end of each week at a cost ₹ 20 each time.

(v) The estimated cost of maintenance per year is ₹ 1,200

(vi) Two attendants control the operation of the machine together with five other identical machines. Their combined weekly wages, insurance, and the employer's contribution to holidays pay amount to ₹ 120.

(vii) Departmental and general works overheads allocated to this machine for the year 2012 amount to ₹ 2,000.

Calculate machine hour rate-

(a) Setting-up time is unproductive

(b) Setting-up time is productive.

(15)

Q8 Write short notes on **any three** of the following:

(a) Activity based costing

(b) Service costing

(c) Difference between job and batch costing

(d) Process costing

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