

2023

COST AND MANAGEMENT ACCOUNTING - I — HONOURS

Paper : CC-2.1Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

[Marks : 20]

1. Discuss the importance of cost accounting. 5

Or,

- Suggest the methods of costing for the following industries : 5

- (a) Oil refinery
- (b) Hospital
- (c) Toy making
- (d) Interior decoration
- (e) Ship building.

2. Identify the behaviour of each of the following costs and calculate total cost at 80% capacity. 5

Costs	60% Capacity ₹	90% Capacity ₹
Cost A	24,000	24,000
Cost B	22,000	25,000
Cost C	24,000	36,000
Total (₹)	70,000	85,000

Please Turn Over

3. A transport company maintains a fleet of 35 vehicles for carrying goods between two places A and B, which are 5 kilometres apart. The capacity of the vehicles are :

Types of vehicle	Small	Medium	Large
Number of vehicles	10	20	5
Capacity (tons) per vehicle	2	5	6

Each vehicle makes 5 trips a day. On upward trip (i.e., from place A to B) it carries goods to the extent of 80% capacity and on return trip (i.e., from B to A) it comes back with 20% capacity. On an average 10% of vehicles are laid up for repairs daily.

Calculate ton-kilometres per month, if the company operates 25 days a month. 5

4. What is overhead absorption? What do you mean by over-absorption and under-absorption of overhead? 2+3

Or,

A factory has one Machine Shop. Following data are available in respect of the shop for a particular period :

Estimated/Budgeted data :

Production overhead (₹)	10,00,000
Machine hour	2,50,000
Labour hour	20,000

Actual results :

Production overhead incurred (₹)	10,50,000
Machine hours worked	2,75,000
Labour hours worked	25,000

Find out Machine Hour Rate and Labour Hour Rate and the amount of under-absorbed or over-absorbed overhead using both the recovery rates. 5

Group - B

[Marks : 30]

5. From the following particulars, calculate the best ordering quantity : 10

Ordering quantity (tonnes)	Discount per tonnes
Less than 250	nil
250 and less than 800	₹ 0.10
800 and less than 2,000	₹ 0.20
2,000 and less than 4,000	₹ 0.30
4,000 and above	₹ 0.40

Annual demand — 4000 tonnes; holding cost ₹ 1.20 p.u. p.a. and cost of placing an order ₹ 8.

Or,

(a) State two points of difference between Bin Card and Stores Ledger.

(b) Following information is available for a month :

Opening Stock 50,000 litres @ ₹5

Purchases: 60,000 litres @ ₹6 and, thereafter 45,000 litres @ ₹5.50

Closing stock 35,000 litres

Calculate closing stock and cost of goods sold using

(i) FIFO

(ii) Weighted Average Method.

4+6

6. A skilled worker is paid guaranteed wages @ ₹ 30 per hour in a 48 hour week. The standard time to produce a unit is 15 minutes. During a week a skilled worker has produced 240 units.

You are required to calculate wages of the worker under each of the following plans:

(a) Time rate

(b) Piece rate with guaranteed weekly wage

(c) Halsey Premium Plan

(d) Rowan Premium Plan.

10

Or,

What is overtime premium? How does overtime affect cost of production? State the treatment of overtime premium in cost accounts.

2+2+6

7. (a) What do you mean by non-integrated system of cost accounting? What are its features?

(b) Pass the Journal entries in the Cost Books maintained on non-integrated system :

	₹	
Purchase of Materials	10,00,000	
Issue of direct material to jobs	6,00,000	
Issue of indirect materials	1,00,000	
Payment of productive wages	2,00,000	
Payment of unproductive wages	25,000	(2+3)+5

Please Turn Over

Group - C**[Marks : 30]**

8. A company has three production departments namely A, B and C and two service departments X and Y. The following figures have been extracted from the books for the month of March 2023 :

	₹		₹
Rent	50,000	Lighting	5,000
Indirect Wages	15,000	Power	12,000
Depreciation	60,000	Others	20,000

Other Particulars :

	A	B	C	X	Y
Floor Space (sq.ft.)	8,000	5,000	4,000	5,000	3,000
Light points	25	20	15	20	20
H.P. of Machines	60	50	35	5	–
Value of Machinery (₹)	8,00,000	6,00,000	5,00,000	1,00,000	–
Direct wages (₹)	25,000	20,000	10,000	15,000	5,000
Direct Material (₹)	5,00,000	3,00,000	2,00,000	1,50,000	50,000

The expenses of service departments are to be allocated as follows:

	A	B	C	X	Y
X	20%	30%	40%	–	10%
Y	40%	20%	20%	20%	–

You are required to prepare a statement showing the distribution of overheads to various departments and a statement showing the re-allocation of service departments' expenses to production departments.

9. BC Ltd. produced three chemicals during a month by three consecutive processes.

In each process 2% of the total weight put in is lost and 10% is scrap.

The products of three processes are dealt with as follows :

	Process I	Process II	Process III
Passed on to next process	75%	50%	—
Sent to warehouse for sale	25%	50%	100%
Expenses incurred :			
Raw materials (₹)	1,20,000	28,000	1,07,840
	(1,000 tons)	(140 tons)	(1,348 tons)
Manufacturing wages (₹)	20,500	16,520	15,000
General expenses (factory) (₹)	10,300	7,200	3,260
Scrap value per ton (₹)	12	25	30

Prepare Process Account showing the cost per ton of each product.

15

Or,

On 01-04-2022, a construction company has undertaken to construct a bridge for ₹ 18,00,000. The following particulars relate to the bridge for the year ended on 31-03-2023 :

	₹		₹
Direct purchase of materials	3,80,000	Materials at site (31.03.2023)	16,000
Materials issued from stores	1,10,000	Materials lost by fire	12,000
Plant installed on 01.04.22	2,00,000	Insurance claim received against loss by fire	9,000
Wages paid	1,30,000	Sub-contract fees	68,000
Direct expenses	30,000	Share of office expenses	48,000
Wages outstanding (31-03-23)	20,000	Normal loss of materials	6,000
Architect's fees	40,000	Value of Plant used for 3 months	80,000
Hire charges of machinery	18,000		

Other information :

- Cost of work certified is ₹ 8,20,000
- Cash received from the contractee is ₹ 10,80,000, being 90% of value of work certified.
- All plant is to be depreciated @ 20% p.a.

You are required to prepare the Contract Account for the year ended on 31.03.2023 and also state how the value of work-in-progress is to be shown in Balance Sheet as at 31.03.2023.

12+3