



WEST BENGAL STATE UNIVERSITY
B.Com. Honours 2nd Semester Examination, 2021

FACACOR03T-B.Com. (CC3)
COST AND MANAGEMENT ACCOUNTING-I

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words and adhere to the word limit as practicable.
All symbols are of usual significance.*

GROUP-A

Answer any two questions from the following

10×2 = 20

1. What do you mean by Costing? Mention the objectives of Cost Accounting. Distinguish between Cost Centre and Cost Unit. 2+6+2

2. (a) What is Bin Card? 2+8
 (b) The monthly requirement of an item is 1000 units, each costing Rs. 6. The ordering cost is Rs. 200 per order and the inventory carrying cost is 20% p.a.
 Calculate (i) EOQ (ii) No. of orders to be placed in a year (iii) whether the item should be purchased in lots of 6,000 units at a time, if the price per unit is reduced by 5%.

3. (a) What is Idle Time? 2+8
 (b) Akash, Bikash and Prokash are working in a manufacturing concern. From the following information calculate the total monthly remuneration of these three workers for the month of March, 2021:

(i)	Standard production per month per worker	: 4,000 units
(ii)	Piece Work Rate	: Rs. 2.50 per unit
(iii)	Production Bonus to be given as follows:	
	Up to 80% efficiency	: Nil
	Between 80% and 100% efficiency	: Incentive bonus at Rs. 125 for every 5% increase above 80%
	Above 100 % efficiency	: Incentive bonus at Rs. 125 for every 5% increase above 80% plus 20% additional bonus on the incentive earned.
(iv)	Production (for the month of March, 2021):	
	Akash	3,000 units
	Bikash	4,000 units
	Prokash	4,400 units

4. (a) Distinguish between allocation and apportionment of overhead. 2+8

(b) Reliance Ltd. engaged in executing job orders. The factory overhead cost of its four departments for an accounting year are as follows:

Department	Rs.
P	38,600
Q	8,400
R	8,000
S	4,000

Overhead has been applied as under:

Department	
P	: Rs.1.50 per machine hour for 28,000 hours
Q	: Rs.1.30 per direct labour hours for 6,000 hours
R	: 80% of direct labour cost of Rs. 12,000
S	: Rs. 2 per piece for 1900 pieces

Find out the amount of under or over absorbed factory overheads department-wise.

5. (a) What do you mean by Service Costing? 2+8

(b) A transport company runs five buses between two towns, which are 50 km. apart. The seating capacity of each bus is 50 passengers. The following details are available for March 2021:

Details	Rs.
Wages of driver, conductor and cleaner	24,000
Salaries of the office staff	10,000
Diesel oil and other oil	35,000
Repair and maintenance	8,000
Taxation and insurance	16,000
Depreciation	26,000
Interest and other expenses	20,000

All the buses carry 75% of the seating capacity and run on all days of the month. Each bus makes one round trip per day.

Calculate the cost per passenger-kilometer.

6. Write short notes on the following (any *two*): 5×2 = 10

- (i) Sunk Cost
- (ii) ABC Analysis
- (iii) Labour Turnover
- (iv) Cost plus Contract.

GROUP-B

Answer any *two* questions from the following 15×2 = 30

7. A company has three production departments (A, B and C) and two service departments (D and E). From the following information, compute overhead per hour of each production department. 15

Rent & Rates	Rs. 5,000
General Lighting	Rs. 600
Indirect wages	Rs. 1,500
Power	Rs. 1,500
Depreciation on Machines	Rs. 10,000
Sundries	Rs. 10,000

Additional information:

Items	A	B	C	D	E
Floor Area (Sq. Ft)	2,000	2,500	3,000	2,000	500
Light points (Nos.)	10	15	20	10	5
Direct wages (Rs.)	3,000	2,000	3,000	1,500	500
H.P. of machines	60	30	50	10	-----
Value of Machines (Rs.)	60,000	80,000	1,00,000	5,000	5,000
Working hours	6,226	4,028	4,066	-----	-----

The expenses of the service departments are apportioned as follows:

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

8. (a) State the reasons of differences between costing and financial profit. 5+10
 (b) Prepare a Reconciliation Statement to find out profit as per Financial Accounts.

Details	Rs.
Net profit as per Cost Accounts	86,200
Works overhead under-recovered in Cost Accounts	1,560
Administration overhead recovered in excess in Cost Accounts	850
Depreciation Charged in Financial Accounts	5,600
Depreciation Charged in Cost Accounts	6,250
Interest on investment not included in Cost Accounts	4,000
Income tax provided in Financial Accounts	20,150
Bank interest recorded in Financial Accounts	375

9. (a) What is meant by 'Retention Money'? 3+12
 (b) Roy Construction Ltd. has undertaken to construct a bridge. The following particulars relate to a bridge for the year ending on 31st March 2021:

	Rs.
Materials: Direct purchase	50,000
Issued from stores	10,000
Cost of plant used	1,00,000
Direct expenses	3,500
Materials on hand on 31 st March 2021	1,000
Wages outstanding on 31 st March 2021	5,000
Value of work certified	1,59,000

Cost of uncertified work	4,500
Wages paid	45,000
Depreciation on plant	10,000
Share of office overhead	2,000
Materials lost by fire	500
Amount recovered from insurance company as salvage	150
Direct expenses outstanding on 31 st March 2021	500

The value of the contract is Rs. 2,15,000 and it is the practice of the Contractee, as per terms of the contract, to retain 10% of work certified.

From the above particulars, prepare the Contract Account.

10.(a) What is meant by 'Inter-process Profit'?

3+12

- (b) A product passes through two processes. The output of Process-I becomes the input of Process-II and the output of Process-II is transferred to warehouse. The quantity of raw materials introduced into Process-I is 20,000 kg. at Rs. 10 per kg. The cost and output data for the month under review are as under:

Particulars	Process-I	Process-II
Raw Materials	Rs. 60,000	Rs. 40,000
Direct Labour	Rs. 40,000	Rs. 30,000
Production Overhead	Rs. 39,000	Rs. 40,250
Normal Loss	8%	5%
Output (kg.)	18,000 kg.	17,400 kg.
Realisable value of scrap per unit	Rs. 2.00	Rs. 3.00

The Company's policy is to fix the selling price of the end product in such a way so as to yield a profit 20% on selling price. You are required to (i) Prepare the Process Accounts and (ii) Determine the selling price per unit of the end product.

11.(a) What is Semi-variable cost?

3+12

- (b) From the following information, prepare a Cost Sheet for the year ended 31.3.2021.

Opening Inventory (1.4.20):	
Raw Materials	Rs. 6,000
Finished Goods	Rs.13,680 (1000 units)
Closing Inventory (31.3.2021):	
Raw Materials	Rs. 7,000
Finished Goods	Rs. ?
Raw Materials purchased	Rs. 72,000
Direct Wages	Rs. 18,000
Machine Hours worked	21,600 Hours
Machine Hour Rate	Rs. 1.50
Chargeable Expenses	Rs. 16,400
Office Overhead	Re. 1 per unit

Selling Overhead	Rs. 0.90 per unit
Units sold	8,000 units
Units Produced	8,200 units

Assume that the sales are made on FIFO Basis. What will be the amount of total cost if LIFO method is applied?

12. Write short notes: (any *three*)

5×3 = 15

- (a) Non-integrated Cost Accounting
- (b) Abnormal Gain in Process Costing
- (c) Profit on incomplete contract
- (d) Escalation clause
- (e) Batch Costing.

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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