

(i) Printed Pages : 7

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(ii) Questions : 14 Sub. Code :

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**Bachelor of Commerce (FYUP) 3rd Semester
(2125)**

COST ACCOUNTING

**Paper– NBCM 301 [Common With B.Com. Tax Planning &
Management & B.Com. Accounting & Finance (FYUP)
3rd Semester]**

Time Allowed : Three Hours] [Maximum Marks : 80

Note :— Attempt any *four* short answer type questions from Section - A. Each question in this section carries 5 marks. Attempt any *two* essay type/numerical questions each from Sections—B and C respectively. Each question in these sections carries 15 marks.

SECTION—A

1. Sonu Ltd. purchased and issued the material in the following order :

2024	Transaction	Units	Unit Cost (Rs.)
1st Jan.	Purchase	300	3.00
5th Jan.	Purchase	600	4.00
10th Jan.	Issue	500	
12th Jan.	Purchase	700	4.00
15th Jan.	Issue	800	
20th Jan.	Purchase	300	5.00
30th Jan.	Issue	100	

- Ascertain the quantity of closing stock as on 31st Jan. and state what will be its value if issues are made under the weighted average cost method.
2. In a certain week, the time allowed to a worker for Job X was 48 hours. He took 30 hours for the job. If the hourly effective rate of earnings of the worker under Rowan Plan is Rs. 55, find the normal hourly rate of wages.
 3. A factory has received an order for three different types of casting i.e., x, y, and z weighing respectively 36, 90, and 54 tons. 10% of the raw materials used are wasted in manufacturing and are sold as scrap for 20% of the cost price of raw material. The cost of raw material is Rs. 125 per ton, the wages for three types of castings are Rs. 2,000; Rs. 5,250 and Rs. 2,750 respectively. The costs of moulds for three different types of castings are respectively Rs. 200; Rs. 250 and Rs. 150. If factory overhead charges are 100% of the wages in each case, find the cost of production per ton of each type of casting.
 4. Prepare Reconciliation Statement from the following particulars to find out profit as per Financial Accounts:

Profit as per Cost Accounts Rs. 92,250, Sundry Income shown in Financial Accounts Rs. 1,270; Overvaluation of Closing Stock in Cost Accounts Rs. 12,310; Over-Recovery of Direct Wages in

Cost Accounts Rs. 6,930; Under Absorption of Factory Overheads in Cost A/cs Rs. 4,450; Over Absorption of Administration Expenses in Cost Accounts Rs. 2,200; Under Absorption of Selling Expenses in Cost A/cs Rs. 19,400.

5. Explain elements of cost.
6. Differentiate between absorption and allotment of costs.

SECTION—B

7. What is meant by Cost Accounting? How is it different from Financial Accounting?
8. Define Labour Turnover. What are various methods for calculating labour turnover? Explain various causes of labour turnover.
9. Babaji Ltd. manufactures one product. A summary of its activities for the year 2024 is given below :

	Rs.
Sales (80,000 units)	8,00,000
Material inventory 1-1-2024	40,000
Material inventory 31-12-2024	32,000
W.I.P. 1-1-2024	55,000
W.I.P. 31-12-2024	72,000

	Rs.
Finished Goods 1-1-2024 (16,000 units)	64,000
Finished Goods 31-12-2024 (34,000 units)	
Raw Material purchased	1,52,000
Direct Wages	1,45,000
Manufacturing Overheads	1,08,000
Selling Overheads	50,000
General Expenses	40,000

You are required to prepare a cost sheet from the above.

10. Lucky Ltd. is a manufacturer of energy saving bulbs. To manufacture the finished product one unit of component 'LED' is required. Annual requirement of component 'LED' is 72,000 units, the cost being Rs. 300 per unit. Other relevant details for the year 2024-25 are :

Cost of placing one order: Rs. 2,250

Carrying cost of inventory: 12% p.a.

Lead Time : Maximum - 20 days; Minimum - 8 days; Emergency purchase – 5 days.

Consumption per day : Maximum–400 units; Minimum–200 units.

You are required to calculate :

- (i) Re-order quantity;
- (ii) Re-order level;
- (iii) Minimum level;
- (iv) Maximum level and
- (v) Danger level.

SECTION—C

11. Why are the Cost and Financial Accounts profits reconciled? Describe the possible sources of difference between them. How will you prepare Reconciliation Statement to reconcile the cost and financial accounts?
12. What is Job Costing? Explain its characteristics and accounting procedure. How does job costing differ from batch costing?
13. Narveer, who prepares her accounts on 31st December each year, commenced a contract on 1st April, 2024. The costing records concerning the said contract reveal the following information on 31st December, 2024 :

Rs.

Materials charged to site	2,58,100
Labour engaged	5,60,500
Foreman's salary	79,300

Plant costing Rs. 2,60,000 had been on site for 146 days. Their working life is estimated at 7 years and their final scrap value at Rs. 15,000. A supervisor, who is paid Rs. 4,000 p.m., has devoted approximately three-fourth of his time to this contract. The administrative and other expenses amount to Rs. 1,40,000. Materials in hand at site on 31st December, 2024 cost Rs. 25,400. Some of the material costing Rs. 4,500 was found unsuitable and was sold for Rs. 4,000.

The contract price was Rs. 20,00,000. On 31st December, 2024, two-thirds of the contract price agreed to be paid was completed. Architect's certificate had been issued covering 50% of the cost of contract and Rs. 7,50,000 has so far been paid on account.

(a) Prepare contract account and state how much profit or loss should be included in the financial accounts to 31st December, 2024. Workings should be clearly given. Depreciation is charged on time basis ; 10

(b) Also prepare Balance Sheet as on 31st December, 2024. 5

14. A machine is purchased for cash at Rs. 92,000. Its working life is estimated to be 18,000 hours after which its scrap value is estimated at Rs. 2,000. It is assumed from past experience that:

(i) The machine will work for 1,800 hours annually.

- (ii) The repair charges will be Rs. 10,800 during the whole period of life of the machine.
- (iii) The power consumption will be 5 units per hour at Rs. 2 per unit.
- (iv) Other annual standing charges are estimated to be:
 - (a) Rent of department (machine occupies 1/5th of the place) Rs. 7,800.
 - (b) Light (12 points in the department; 2 points engaged in the machine) Rs. 2,880.
 - (c) Foreman's salary (1/4 of his time is occupied in the machine) Rs. 60,000.
 - (d) Insurance premium (fire) for machinery Rs. 360.
 - (e) Cotton waste Rs. 600.

Find out machine hour rate on the basis of above data for allocation of the works expenses to all jobs for which the machine is used.