

**B.Com. (Hons.) II Year Annual Mode**  
**Cost Accounting**  
**Code : B-102**

पूर्णांक : 100  
M.M. : 100

*Attempt any two questions in all.*  
*All questions carry equal marks.*

किन्हीं दो प्रश्नों के उत्तर दो।  
सभी प्रश्नों के अंक समान हैं।

(Write your Name and Roll No. on each page of your answer sheet.)  
(अपनी उत्तर पुस्तिका के प्रत्येक पृष्ठ पर अपना नाम और रोल नंबर लिखें।)

- 1(a) What is cost accounting? Explain briefly the advantages of cost accounting.  
1(b) Differentiate between direct cost and indirect cost with suitable examples.  
1(c) Show how the items given below relating to purchases and issues of raw material will appear in the Stores Ledger using FIFO, LIFO and Weighted Average Methods of pricing the material issues.

2020	Particulars	Units	Price Per Unit (Rs.)
January 1	Opening Balance	3,000	20
January 5	Purchases	2,000	22
January 11	Issues	1,500	?
January 22	Purchases	2,000	23
January 24	Issues	1,500	?
January 28	Issues	2,000	?
January 31	Shortage	50	?

- 2(a) What is labour turnover? Explain the causes of labour turnover and the methods of measuring it.

- 2(b) What are the advantages and limitations of activity based costing?

- 2(c) Calculate machine hour rate for the recovery of overheads for a machine from the following information:

The cost of the machine is Rs. 5,00,000 and estimated scrap value is Rs. 20,000 after its working life of 10 years. Annual working hours are 3,000 in the factory. The machine requires 400 hours per annum for repair and maintenance. Cost of repair for the whole working life of the machine is Rs. 70,000. Power used is 15 units per hour at a cost of Rs. 10 per unit. A chemical is required for the machine at a cost of Rs. 10,000 per annum. Wages of operator is Rs. 15,000 per month. The operator devoted 1/3<sup>rd</sup> of his time to the machine. Annual insurance charges are 5% of the cost of machine. Lighting charges for the department are Rs. 10,000 per month having 40 points in all, out of which only 8 points are used at this machine. Other indirect expenses chargeable to the machine are Rs. 1,300 per month.

*Assignment*

- 3(a) Is perpetual inventory system superior to periodic inventory system? Give reasons in support of your answer.
- 3(b) Write short notes on (i) Cost plus contract, and (ii) Profit on incomplete contract.
- 3(c) On 1<sup>st</sup> January there was no WIP in Process X. During the month 2,000 units of material were introduced at a cost of Rs. 18,000. Labour and overheads are Rs. 9,000 and Rs. 6,600 respectively. On 31<sup>st</sup> January 1,500 units were completed and transferred to the next process. 500 units remained incomplete on which the degree of completion was as under:
- Materials      100%  
 Labour          60%  
 Overheads      30%
- Prepare: (i) Statement of Equivalent Production, (ii) Statement of Cost, (iii) Statement of Evaluation, and (iv) Process X A/c.

- 4(a) Explain the advantages of integrated accounts.
- 4(b) Explain the features of ABC technique of material control. What are its advantages?
- 4(c) The following Profit and Loss Account has been given:

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Direct material	20,000	By Sales	45,000
To Direct labour	10,000	By work in progress	1,300
To Factory expenses	9,500	By Finished stock in hand	2,700
To Administration exp.	5,200	By Net loss	2,000
To Selling & dist. exp.	3,800		
To Income Tax paid	1,000		
To Goodwill W/o	1,500		
	51,000		51,000

Cost account manual states that the factory overheads are to be recovered at 100% of direct wages. Administration overheads at 10% of works cost and selling & distribution overheads @ Rs. 1 per unit sold. The units of product sold and in hand were 4,000 and 257 respectively.

Prepare: (i) Statement of Reconciliation, and (ii) Cost Sheet.