Exam. Code : 108504
Subject Code : 2857

B.Com. 4th Semester
COST ACCOUNTING
Paper—BCG-406

Time Allowed—3 Hours] [Maximum Marks—50

SECTION—A

Note :— Attempt any ***ten*** questions from Section A. Answer to each question should be up to **50** words in length. Each question carries **1** mark.

1. Write short notes on the following :
   (i) Cost Object
   (ii) Discretionary Cost
   (iii) Indirect Expense
   (iv) Selective control in Materials Management
   (v) Emerson's Efficiency Plan
   (vi) Activity Cost Driver
   (vii) Retention Money
   (viii) Cost Sheet
   (ix) Equivalent Production
   (x) Escalation clause
   (xi) Profit Sensitivity
   (xii) Master Budget.

SECTION—B

Note :— Attempt any ***two*** questions from Section B. Answer to each question should be up to ***five*** pages in length. Each question carries **10** marks.

2. Explain the differences between financial accounting and cost accounting. Why cost accounting is necessary and what are the essentials of a good costing system ?

3. An operator engaged in machining certain components receives an ordinary day rate of Rs. 160 per day of 8 hours. The standard output for machining the components has been fixed at 80 pieces per hour (time as fixed for premium bonus). On a certain day, the output of the worker on this machine is 800 pieces. Find out the labour cost per 100 pieces and the wages that would have been actually earned by the workman under the following :

   (a) If a bonus of Rs.25 is paid per 100 pieces of extra output.

   (b) If paid for on straight piece work basis at standard rate.

   (c) If Rowan plan is adopted.

   (d) If Halsey premium system is adopted.

4. (a) Describe the routine for control of purchases and receipt of materials from suppliers.

   (b) How will you treat defectives and scraps in Cost Accounts ?

5. In a factory, the expenses of factory are charged on fixed percentage basis on wages and office overhead expenses are calculated on the basis percentage of works cost. Following information is supplied to you :

	I Order	II Order
Material	12,500	18,600
Wages	10,000	14,000
Selling Price	44,850	61,880
Percentage of Profit on Cost	15%	12%

Find out the percentage of factory overhead and office overhead. Show the verification process as well.

SECTION—C

Note :— Attempt any ***two*** questions from Section C. Answer to each question should be up to ***five*** pages in length. Each question carries **10** marks.

6. (a) How the profits are determined in case of uncompleted contracts ?

(b) Describe the cost plus contract from the point of view of manufacturer and a buyer.

7. Reliance Ltd. manufactures a product that passes through three different processes. Prepare process accounts and finished stock account from the information given below :

	Process A	Process B	Process C
Direct Material	45,000	11,250	11,250
Wages	33,750	22,500	22,500
Closing Stock	11,250	13,125	31,950

Finished goods were sold for Rs. 1,95,000 and the value of finished stock at closing was Rs. 8,418. It is the policy of the company to charge 25% on cost price while transferring goods from Process A to B and 20% on cost from B to C to finished stock.

8. (a) What are different types of standards ? How standards can be established ?

   (b) How sales forecast is different from a sales budget ? Elucidate the importance of accurate sales forecast for effective budgeting.

9. Toffu Glass Ltd. produces 1,000 units for local market at the following costs :

Materials		Rs. 40,000
Wages		Rs. 36,000
Factory Overheads :		
Fixed	12,000	
Variable	20,000	32,000
Administration Overheads (fixed)		18,000
Selling and Distribution Overheads :		
Fixed	10,000	
Variable	16,000	26,000
Total		1,52,000

The local market can consume only 1,000 articles at a selling price of Rs. 155 per unit. It can consume no more units. The foreign market of this product can consume additional articles if the price is reduced to Rs. 125. Is the foreign market worth trying ?