Roll No												

PRESIDENCY UNIVERSITY

SCHOOL OF COMMERCE
MAKE-UP EXAMINATIONS, JULY 2023

Date: 25-JAN-2023
Course Code: COM401 **Time:** 01:00 PM – 4:00 PM
Course Name: COST ACCOUNTING **Max. Marks:** 100
Program: B.COM **Weightage:** 50%

Instruction:

Read all questions carefully and answer accordingly

PART A

Answer all the ten questions **10 x 2 = 20**

1. Distinguish between costing and cost accounting. (CO1)

2. Narrate the objectives of cost accounting. (CO1)

3. What is Economic Order Quantity? (CO2)

4. If the minimum stock level and average stock level of a material are 5000 and 7000 units respectively, find out its re-order quantity. (CO2)

5. Are the high overhead costs an indication of inefficiency? (CO3)

6. Define overhead. (CO3)

7. What is contract costing? Give the main distinguishing features of contract costing. (CO4)

8. Name five industries, in which process costing is used. (CO4)

9. What do you mean by product design? (CO5)

10. Define value chain analysis. (CO5)

PART B

Answer all the four questions **4 x 10 = 40**

11. In respect of a factory the following figures have been obtained for the year 2016: Cost of material 6,00,000; Direct wages * 5,00,000; Factory overheads 3,00,000; Administrative overheads * 3,36,000; Selling overheads 2,24,000; Distribution overheads 1,40,000 and Profit ₹ 4,20,000. A work order has been executed in 2017 and the following expenses have been incurred: Materials 8,000 and wages 5,000. Assuming that in 2017 the rate of factory overheads has increased by 20%, distribution overheads have gone down by 10%

and selling and administration overheads have each gone up by 12.5%, at what price should the product be sold so as to earn the same rate of profit on the selling price as in 2016? (CO1)

12. Set up a "Stores Ledger" form and enter the following transactions adopting the weighted average" method of pricing out issues:

2017

August

1 Opening balance-50 units @ ₹ 3 per unit

5 Issued out 2 units to production

7 Purchased 48 units @ 4 per unit

9 Issued out 20 units to production

19 Purchased 76 units @ 3 per unit

24 Received back into stores 19 units out of 20 units issued on 9th August, 2017.

27 Issued out 10 units to production. (CO2)

13. X Ltd. closes its accounts on 31st December each year. commenced work on a contract on 1st January, 2017. Following information relates to the contract as on 31st December, 2017:The company Materials issued 1,25,500; Wages 2,82,800; Salary to foreman 40,650.A machine costing * 1,30,000 had been on the site for 146 days. Its working life is estimated at seven years and its final scrap value at * 7,500. A supervisor, who is paid ₹ 4,000 per month, has devoted half of his time to this contract. Other expenses and administration charges amounted to 68,250. Materials at site at the end of the year cost 17,700. The contract price is 10 lakhs. On 31st December, 2017, two-thirds of the contract was completed. The architect had issued certificate of approval covering 50% of the contract price and the contractor had been paid * 3,75,000 on account. Prepare Contract Account for the year ending 31st December, 2017.

(CO4)

14. Define the following terms:

(i) Product design

(ii) Target costing (CO5)

PART C

Answer all the two questions **2 x 20 = 40**

15. Following figures are collected from the books of the Iron Foundry after the close of the year:

Opening stock in the beginning of the year	7000
Purchases during the year	50000
Closing stock at the end of the year	5000
Direct Wages	10000

Works overheads 50% of direct wages Stores overheads on material 10% on the cost of materials 10% of the castings were rejected being not up to the specification and a sum of 400 was realised on sale as scrap. 10% of the finished castings were found to be defective in manufacture and were rectified by expenditure of additional works overhead charges to the extent of 20% on the proportionate direct wages. The total gross output of casting during the year was 1,000 tons. Find out the manufacturing cost of the saleable casting per ton.
(CO1)

16. The Stores Ledger Account of material 'C' in the books of Chemical Process Ltd. revealed the following transactions for the month of November, 2017:

2017

Nov.

1 Opening Stock 200 kgs. @ 7.50 per kg.

5 Received from Supplier S, 400 kgs. @*7.75 per kg.

8 Issued to Production Department 240 kgs.

10 Issued to Production Department 160 kgs.

12 Received from Supplier S_2 500 kgs. @ ₹ 7.90 per kg.

15 Issued to Production Department 400 kgs.

16 Received from Supplier S_3 250 kgs. @ 8.00 per kg.

19 Received from Supplier S_1 600 kgs. @ 8.25 per kg.

21 Issued to Production Department 350 kgs.

24 Issued to Production Department 206 kgs.

27 Issued to Production Department 340 kgs.

You are required to price the issues and draw out the closing balances in the form of Stores Ledger Account by the following method:

(i) FIFO METHOD
(ii) LIFO METHOD (CO2)