

4/COM-251 Syllabus-2023

2026

(May-June)

FYUP : 4th Semester Examination

COMMERCE

(Cost Accounting)

(COM-251)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions.

1. (a) "Limitations of financial accounting have made the management to realize the importance of cost accounting." Comment. 8

- (b) Briefly explain the benefits of cost accounting. 7

Or

- (a) Distinguish between the following : 3+3=6
- (i) Direct and Indirect costs
 - (ii) Controllable and Uncontrollable costs

(2)

- (b) Shillong Engineering Works Ltd. manufactured and sold 1000 machines in 2024. Following are the particulars obtained from the records of the company :

	₹
Cost of Materials	80,000
Wages Paid	1,20,000
Manufacturing Expenses	50,000
Salaries of Managerial Staff	60,000
Rent Rates and Insurance	10,000
Selling Expenses	30,000
General Expenses	20,000
Sales	4,00,000

The company plans to manufacture 1200 sewing machines in 2025. You are required to submit a statement showing the price at which machines would be sold so as show a profit of 10% in the selling price. The following additional information is supplied to you :

- (i) Price of materials will rise by 20% over the previous year's level
- (ii) Wages rate will rise by 5%
- (iii) Manufacturing expenses per unit will rise in preparation to the combined cost of materials and wages

(3)

- (iv) Selling expenses per unit will remain unchanged
- (v) Other expenses will remain unaffected by the rise in output

2. (a) Write notes on the following : $2\frac{1}{2} + 2\frac{1}{2} = 5$

- (i) Bin Card
- (ii) Stores Ledger

- (b) Two components X and Y are used as follows :

Normal usage—600 units per week each

Maximum usage—900 units per week each

Minimum usage—300 units per week each

Re-order quantity— $X = 4800$ units
 $Y = 7200$ units

Re-order period— $X = 4$ to 6 weeks
 $Y = 2$ to 4 weeks

Calculate for each component : 10

- (i) Re-order level
- (ii) Minimum level
- (iii) Maximum level
- (iv) Average stock level

Or

- (a) What are the various methods of pricing material issues? 5
- (b) The Stock Ledger Account of Material X in a manufacturing concern reveals the following data for the quarter ended 30th September, 2025 :

			Receipts		Issues	
			Quantity	Price	Quantity	Amount
			Units	(₹)	Units	(₹)
July	1	Bal. b/d	1600	2.00	—	—
July	9		3000	2.20	—	—
July	13		—	—	1200	2,556
Aug	5		—	—	900	1,917
Aug	17		3600	2.40	—	—
Aug	24		—	—	1800	4,122
Sept	11		2500	2.50	—	—
Sept	27		—	—	2100	4,971
Sept	29		—	—	700	1,656

Physical verification on 30th September, 2025 revealed an actual stock of 3800 units. You are required to—

- (i) indicate the method of pricing employed in the above;
- (ii) complete the above account by making entries you would consider necessary including adjustments, if any, and giving explanations for such adjustments. 10

3. (a) Distinguish between (i) Work study and Method study and (ii) Time rate system and Piece rate system. 3+3=6
- (b) The cost accountant of Y Ltd. has computed labour turnover rates for the quarter ended 31st March, 2025 as 10%, 5% and 3% under Flux method, Replacement method and Separation method, respectively. If the number of workers replaced during that quarter is 30, find out the number of (i) workers recruited and joined and (ii) workers left and discharged. 9

Or

- (a) Define overheads. Explain various classifications of overheads. 3+4=7
- (b) The following data were obtained from books of AR Engineering Company for the half-year ended 30th September, 2025. Prepare a Departmental Distribution Summary : 8

	Production Depts			Service Depts	
	A	B	C	X	Y
Direct wages (₹)	7,000	6,000	5,000	1,000	1,000
Direct materials (₹)	3,000	2,500	2,000	1,500	1,000
Employees (No.)	400	300	300	100	100
Electricity (kWh)	8000	6000	6000	2000	3000
Light points (No.)	10	15	15	5	5
Assets values (₹)	50,000	30,000	20,000	10,000	10,000
Area occupied (sq. yds)	800	600	600	200	200

The overheads for 6 months were as under :

	(₹)
Stores overheads	400
Motive power	1,500
Electric lighting	200
Labour welfare	3,000
Depreciation	6,000
Repairs and maintenance	1,200
General overheads	10,000
Rent and taxes	600

Apportion the expenses of Department X in the ratio of 4:3:3 and that of Department Y in proportion to Direct Wages to Departments A, B and C, respectively.

4. (a) What is operating costing? To what industries is this method of costing applicable? 2+2=4
- (b) Distinguish between Job costing and Contract costing. 4
- (c) What are the different methods of calculating profit on incomplete contracts? Give examples. 7

Or

Product B is obtained after it passes through three distinct processes. The following information is obtained from the accounts for the week ended 31st October, 2025 :

Items	Total (₹)	Process		
		I (₹)	II (₹)	III (₹)
Direct materials	7,542	2,600	1,980	2,962
Direct wages	9,000	2,000	3,000	4,000
Production overheads	9,000			

1000 units at ₹ 3 each were introduced to Process I. There was no stock of material or work-in-progress at the beginning or at the end of the period. The output of each process passes directly to the next process and finally to finished stock. Production overhead cost is recovered @ 100% of direct wages. The following additional data are obtained :

Process	Output during the week	Percentage of normal loss to output	Value of scrap per unit (₹)
Process I	950 units	5%	2
Process II	840 units	10%	4
Process III	750 units	15%	5

Prepare process cost accounts and abnormal gain or loss accounts. 15

5. Write short notes on any *three* of the following : 5×3=15

- (a) Cost centre
- (b) Problems on level setting
- (c) Batch costing
- (d) Limitations of cost accounting
- (e) EOQ

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