

2025

COST ACCOUNTING - II — HONOURS

Paper : DSCC-3

Full Marks : 75

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.*

Group - A

Answer *any three* questions.

1. What do you mean by cost-plus contracts? Mention its advantage. 2+3
2. Total operating cost and total Passenger-Km in case of a transporter are ₹94,000 and 6,00,000 respectively. Ascertain Fare per Passenger-Km if the transporter wants to make 33% profit and to impose 20% passenger tax, both are to be calculated on total takings. 5
3. You are given below the particulars relating to two products of a manufacturing concern :

	Product P	Product Q
Units produced	1000	100
Machine Hours per unit	2	2
Machine set up hours per product	5	5
Budgeted machine related costs – ₹8,800.		

Compute overhead cost per unit of each product by using Activity Based Costing (ABC) system. 5

4. Details of wages and salaries paid to different employees of A Ltd. are given below :

	₹
Direct Wages	20,000
Indirect Factory Wages	10,000
Salaries to Administrative Staff	15,000
Salaries to Selling and Distribution Staff	5,000

Pass necessary Journal entries to record the above transactions in the Cost Books maintained by A Ltd. 5

Please Turn Over

(5049)

5. (a) Mention two differences between Job Costing and Batch Costing.
- (b) Total cost of work completed till date ₹ 10,00,000 represents 2/3rd of the total work to be done under the contract. The contractee issued completion certificate covering 50% of the contract price.
- Calculate the cost of uncertified work. 2+3

Group - B

Answer *any three* questions.

6. The following information have been extracted from the books of M/s AB Co. Ltd. :
Balances as on 01.01.2025 :

Cost Ledger Control A/c ₹ 30,400 (Cr.)

Stores Ledger Control A/c ₹ 17,500 (Dr.)

Other information for the year ended 31.12.2025 :

	₹.
Purchases of stores	1,21,280
Purchase for special job	3,900
Wages and salaries paid	1,18,306
Production expenses	20,864
Administration expenses	19,092
Selling and Distribution expenses	12,860
Stores issued to Production	1,13,002
Sales	3,10,000
Net profit for the year	21,316
Stores issued to maintenance department	5,172
Return to suppliers	624

Prepare Cost Ledger Control A/c and Stores Ledger Control A/c.

6+4

7. In a manufacturing company, the product passes through two processes : Process - I and Process - II. The output of Process - I is transferred to Process-II at a profit of 25% on transfer price and similarly the output of Process - II is transferred to the finished stock at a profit of 20% on transfer price. The following details are available for the year ended 31st December, 2025 :

	<u>Process-I</u>	<u>Process-II</u>
Total Expenses	₹ 56,000	₹ 32,000
Transfer Price	₹ 64,000	₹ 1,12,500
Closing Stock	₹ 8,000	₹ 6,000

Finished stock worth ₹ 10,000 is lying as on 31.12.2025.

Calculate the amount of provision to be created for unrealized profit on stock.

10

8. (a) What is split-off point? Discuss the financial and non-financial guiding factors, as applicable, to decide to sell a product either at the split-off point or after further processing.
- (b) P Ltd. is considering further processing of one of its joint products 'A'. The joint cost apportioned to product-A at the split-off point is ₹ 50 per unit and its selling price at this stage is ₹ 60 per unit. Alternatively, the product can also be sold after further processing. An additional cost of ₹ 16 is expected to be incurred for its further processing.

You are required to comment on selling the product at the split-off point or after further processing under the following circumstances :

The refined product is expected to be sold at a price of :

- (i) ₹ 80 per unit;
(ii) ₹ 74 per unit;
(iii) ₹ 76 per unit.

(1+3)+6

9. Trideb is the owner of a Taxi. He supplies the following information regarding his Taxi :

Cost of Taxi	– ₹ 3,00,000
Total kilometer runs during the entire life	– 2,50,000 kilometers.
Driver's salary	– ₹ 7,000 p.m.
Cleaner's salary	– ₹ 3,000 p.m.
Repairs	– ₹ 36,000 p.a.
Garage rent	– ₹ 24,000 p.a.
Road Tax	– ₹ 12,000 p.a.
Diesel cost	– ₹ 80 per litre
Sundry expenses	– ₹ 20 per 125 kilometers.
Diesel consumption 8 kilometers per liter.	

Please Turn Over

(5049)

The taxi runs 100 km per day for an average of 5 days in a month. 20% of the distance has been run without any passenger.

Calculate the cost of running the taxi per kilometer.

10

10. Write short notes on :

- Escalation clause
- Integrated Accounts
- Reconciliation between cost and financial profit.

3+3+4

Group - C

Answer *any two* questions.

11. A company produces four products – A, B, C and D. The data relating to production activity are as under :

Product	Quantity of Production (units)	Direct Material Cost per unit (₹)	Direct Labour Cost per unit (₹)	Machine Hours per unit
A	500	5	3	0.50
B	5,000	5	3	0.50
C	600	16	12	2.00
D	7,000	17	9	3.00

Production Overheads are as follows :

- Machine related cost ₹ 74,850
- Material ordering cost ₹ 3,840
- Set-up cost ₹ 8,700.

The following further information are available :

Product	Number of Set-ups	Number of Material orders
A	6	6
B	36	24
C	10	6
D	48	24
	<u>100</u>	<u>60</u>

You are required to :

- Select a suitable cost driver for each item of production overhead and calculate cost driver rates.
- Compute Factory cost per unit of each product by recovering overheads using Activity-Based Costing.

5+10

12. M Ltd. manufactures a product which passes through two distinct processes : Process-X and Process-Y and then it is transferred to finished stock. From the following particulars prepare

- Process-X and Process-Y Accounts
- Abnormal Loss Account
- Abnormal Gain Account.

	<u>Process-X</u>	<u>Process-Y</u>
Input (units)	30,000	26,000
Material (₹)	30,000	4,000
Labour (₹)	18,000	15,275
Overhead (₹)	9,000	10,950
Normal Loss	10%	?
Scrap Value per unit (₹)	1.00	3.00

There was no opening or closing work-in-progress.

The final output from Process-Y transferred to finished stock was 25,000 units. These finished goods are sold at ₹ 3.90 per unit bringing a profit of 20% on cost. 15

13. Sagar Construction Ltd. entered into a contract to construct a building. The contract value is ₹ 6,50,000 to be realised in instalments on the basis of the value of work certified by the architect subject to a retention of 10%. The work commenced on 01.04.2025 but it remained incomplete on 31.12.2025 when the final accounts are to be prepared. The facts and figures of the contract are as follows :

Plant charged to contract at the commencement ₹ 32,000; wages paid ₹ 87,000; Expenses incurred on the contract ₹ 38,750; and materials charged to contract ₹ 1,80,000.

Total establishment expenses amounted to ₹ 41,000 out of which 25% is attributable to this contract. Out of the materials issued to the contract, materials costing ₹ 4,000 were sold for ₹ 5,000 and materials stolen at the site ₹ 7,000 against which insurance claim received ₹ 4,000. A part of the plant (cost ₹ 2,000) was damaged on 01.10.2025 and the scrap realised ₹ 300 only. Plant costing ₹ 3,000 was transferred to another contract site on 31.12.2025. Further, following information is obtained :

Plant is to be depreciated @ 10% p.a.

Materials in hand on 31.12.2025 ₹ 17,500

Cash received from the contractee ₹ 3,06,000

Cost of work yet to be certified is ₹ 30,000.

Prepare a Contract Account showing therein the amount of profit or loss to be transferred to Profit and Loss Account. 15