



# NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE  
Assignment — June-2020/Dec.-2020

COMMERCE

Paper - IX : Cost Accounting

## QUESTION PAPER CUM ANSWER BOOKLET

(Full Marks : 50)

(Weightage of Marks : 20%)

**Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.**

Name (in Block Letter) : .....

Enrolment No.

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Study Centre Name : ..... Code : .....

To be filled by the Candidate	Serial No. of question answered																			TOTAL
For Evaluator's only	Marks awarded																			

Q.P. Code : **PA/5/IX**

**PG-COM.-AP-17085**

Signature of Evaluator with Date



# NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE  
Assignment — June-2020/Dec.-2020

**STUDENT'S COPY**

COMMERCE

Paper - IX : Cost Accounting

Name (in Block Letter) : .....

Enrolment No.

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Study Centre Name : ..... Code : .....

Q.P. Code : **PA/5/IX**

**PG-COM.-AP-17085**

Received Answer Booklet  
Signature with seal by the Study-Centre

**জরুরি নির্দেশ / Important Instruction**

আগামী শিক্ষাবর্ষান্ত পরীক্ষায় (T.E. Exam.) নতুন ব্যবস্থা অর্থাৎ প্রশ্নসহ উত্তর পুস্তিকা (QPAB) প্রবর্তন করা হবে। এই নতুন ব্যবস্থার সঙ্গে পরীক্ষার্থীদের অভ্যস্ত করার জন্য বর্তমান অনুশীলন পত্রে নির্দেশ অনুযায়ী প্রতিটি প্রশ্নের উত্তর নির্দিষ্ট স্থানেই দিতে হবে।

**New system i.e. Question Paper Cum Answer Booklet (QPAB) will be introduced in the coming Term End Examination. To get the candidates acquainted with the new system, assignment answer is to be given in the specified space according to the instructions.**

**Detail schedule for submission of assignment for the  
PG Term End Examination June-2020/Dec.-2020**

1. Date of Publication : 20/06/2020
2. Last date of Submission of answer script by the student to the study centre : 19/07/2020
3. Last date of Submission of marks by the examiner to the study centre : 16/08/2020
4. Date of evaluated answer scripts distribution by the study centre to the students (Students are advised to check their assignment marks on the evaluated answer scripts and marks lists in the study centre notice board. If there is any mismatch / any other problems of marks obtained and marks in the list, the students should report to their study centre Co-ordinator on spot for correction. The study centre is advised to send the corrected marks, if any, to the COE office within five days. No change / correction of assignment marks will be accepted after the said five days.) : 23/08/2020
5. Last date of submission of marks by the study centre to the Department of C.O.E. on or before : 31/08/2020

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এখানে কিছু লিখবেন না

**Do Not Write Anything Here**

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## MODULE - I

Answer any *two* questions :

$$12 \frac{1}{2} \times 2 = 25$$

1. a) How is cost information useful for
- making decisions ?
  - determining selling price ?
  - controlling costs ?
- b) Suggest a suitable method of costing for the following :
- Drug manufacturing
  - Ship building
  - Cigarettes
  - Printing.
- c) What different methods and techniques of costing are available ? Explain any two methods and two techniques of your choice.  $4 \frac{1}{2} + 2 + 6$
2. a) Briefly discuss the various bases available for classification of costs.
- b) What is meant by Historical Cost ? How does it differ from Future Cost ?
- c) The accounts of ABC Ltd. presents the following data for the year 2018 :

	<b>Rs.</b>
Direct materials	36,000
Direct Wages	32,000
Factory Overhead	8,000
Administration Overhead	3,800

- Show the works cost and total cost, the percentage that the factory overhead cost bears to direct wages and the percentage that the administrative overhead bears to works cost.
  - What price should the company quote to manufacture a product which, it is estimated, will require an expenditure of Rs. 16,000 in material and Rs. 12,000 in wages so that it will yield a profit of 25% on the selling price ?  $4 + 3 + 5 \frac{1}{2}$
3. a) Discuss the steps involved in the process of distribution of overhead under traditional costing system.
- b) What are the advantages of Activity Based Costing ?
- c) A company has three production departments and two service departments. Total expenses after primary distribution are as follows :

<b>Production Departments :</b>		<b>Service Departments :</b>	
	<b>Rs.</b>		<b>Rs.</b>
A	5,000	1	2,000
B	3,000	2	3,000
C	2,500		



The following percentages are applicable for the apportionment of the costs of the service departments :

<b>Deptt.</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>1</b>	<b>2</b>
1	40%	30%	10%	—	20%
2	20%	40%	30%	10%	—

Calculate total costs of production departments after apportionment of the costs of the service departments taking into consideration inter-department service.

$$3 + 3 + 6\frac{1}{2}$$

4. a) What principal ledgers and accounts are maintained in a system of Cost Control Accounting ?
- b) Give specimen entries in integrated system of accounting for all types of overhead transactions.
- c) What are the advantages of maintaining a cost ledger ?  $5 + 4 + 3\frac{1}{2}$

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**First Answer :**



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5 / 20

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6 / 20

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7 / 20

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**Second Answer :**





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9 / 20

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10 / 20

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**QP Code : PA/5/IX**

11 / 20

**PG-COM.-AP-17085**



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12 / 20

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## MODULE - II

Answer any *two* questions :

$$12 \frac{1}{2} \times 2 = 25$$

5. a) Distinguish between scrap and defectives.  
 b) A factory produces a product X and by-product Y which is made marketable by further processing. The following cost data relate to January 2019.

	<i>Joint expenses</i>	<i>Separate Expenses ( Rs. )</i>	
	<i>( Rs. )</i>	<i>X</i>	<i>Y</i>
Materials	19,200	7,360	780
Labour	11,700	7,680	2,642
Overhead Expenses	3,450	1,500	544

Outputs were : X : 142 tons and Y : 49 tons. The selling price of Y averages Rs. 280 per ton. Assuming that the net profit on Y is estimated at 50% of the selling price, prepare a statement showing the cost per ton of X.

- c) What is meant by Abnormal Loss ? How does it differ from Abnormal Gain ?

$$3 + 6 + ( 2 + 1 \frac{1}{2} )$$

6. a) Briefly explain the nature of Contract Costing and explain how the costs are recorded in Contract Accounts.  
 b) What are the different methods of computing the profit on incomplete contracts ?  
 c) A building contractor furnished the following records about a contract which was commenced on April 1, 2018. Expenses incurred on the contract up to December 31, 2018 were :

Materials purchased :	Rs. 21,500	Administrative expenses :	Rs. 12,610
Labour charges :	Rs. 50,110	Machinery purchased :	Rs. 15,600
Foreman's salary :	Rs. 6,310		

A supervisor with a monthly salary of Rs. 1,000 has spent half of his time on this contract. Materials at site on 31. 12. 2018 were Rs. 2,480. The machinery purchased was used for 73 days on this contract. The estimated life of the machine is 5 years with a scrap value of Rs. 1,000. Contract price was fixed at Rs. 2,00,000. On 31. 12. 2018, 2/3rd of the contract was completed. However, work certified was worth Rs. 1,00,000 and 80% of the same was paid in cash on account. Prepare Contract Account.

$$( 2 + 2 \frac{1}{2} ) + 3 + 5$$

7. a) Can there be more than one limiting factor at a time ?  
 b) How does a P/V chart differ from a Break-even chart ?



- c) A company presents the following data ;

	Rs.
Selling price per unit	10
Variable cost per unit	6
Fixed cost	34,000
Actual sales for the period	1,50,000

You are required to :

- i) Find out P/V ratio, BEP and Margin of Safety
- ii) Calculate the revised P/V ratio, BEP and margin of safety in each of the following cases :
  - x) Decrease of 10% selling price
  - y) Increase of 10% selling price
  - z) Increase of 10% in variable cost
  - u) Increase of Rs. 8,000 in fixed costs.  $2 + 2\frac{1}{2} + 8$

8. Write short notes on the following :

- a) Job order costing
- b) By-product and Co-product
- c) Importance of contribution
- d) Equivalent production.  $3 + 3 + 3 + 3\frac{1}{2}$

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**First Answer :**



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15 / 20

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16 / 20

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**QP Code : PA/5/IX**

17 / 20

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**QP Code : PA/5/IX**

18 / 20

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**Second Answer :**



**QP Code : PA/5/IX**

19 / 20

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**QP Code : PA/5/IX**

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