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| **SESSION** | **April 2023** |
| **PROGRAM** | **BACHELOR of COMMERCE (B COM)** |
| **SEMESTER** | **III** |
| **course CODE & NAME** | **DCM2103 Cost Accounting** |
| **CREDITS** | **4** |
| **NUMBER OF ASSIGNMENTS & Marks** | **02**  **30 Marks each** |

**1a. Discuss the classification of cost on the basis of elements.**

**Ans 1a.**

**Classification of Costs on the Basis of Elements**

Costs can be classified into different categories based on various elements or components that contribute to their overall composition. The classification of costs on the basis of elements provides insights into the nature and structure of costs incurred by businesses. Here are the main elements used to classify Its Half solved only

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**1b. State the features of a good wage system.**

**Ans 1b.**

**Features of a Good Wage System**

A good wage system plays a crucial role in attracting, motivating, and retaining talented employees while ensuring fairness and productivity within an organization. Here are the key features of a good wage system:

**Competitiveness:** A good wage system should be competitive in relation to the industry

**Q2. The following information is in respect of Material.**

**Re-order quantity = 3000 units**

**Re-order period = 4 – 6 weeks**

**Maximum Consumption = 800 units per week**

**Normal consumption = 600 units per week**

**Minimum consumption = 500 units per week**

**Emergency Re- order period = 2 weeks**

**Calculate: (a). Re-order level (b) Minimum Level (c) Maximum Level (d) Average stock level (e) Danger Level**

To calculate the various levels of stock for the given material, we can use the following formulas:

(a) Re-order level = Maximum consumption × Re-order period

(b) Minimum level = Minimum consumption × Re-order period

(c) Maximum level = Maximum consumption × (Re-order period + Emergency re-order

**3a. a. Discuss the functional classification of overhead.**

**b. Explain the meaning &features of job costing.**

**Answer 3a:**

Overhead costs represent the ongoing business expenses that are not directly attributed to creating a product or service. Being an integral part of operations, overheads are inherent in every business, irrespective of the industry or nature of the enterprise. Their classification allows for a comprehensive understanding of business expenditure, aiding in effective cost management and optimal resource utilization

**Set – 2**

**Q1. M Ltd. produced and sold are 5000 units @ ₹ 25 per unit. From given data prepare cost sheet with per unit.**

**Answer:**

A cost sheet is a statement that shows the various components of total cost for a product and all the incurred costs according to their categories. Given your provided data, let's prepare the cost sheet:

| **Particulars** | **Total Cost (₹)** | **Cost per Unit (₹)** |
| --- | --- | --- |
| **Direct Costs** |  |  |

**2a. Explain the advantages of cost accounting.**

**Ans 2a.**

Cost accounting is a valuable tool that provides businesses with numerous advantages. It involves analyzing, tracking, and recording all costs associated with the production of goods or services. By implementing effective cost accounting practices, organizations can make informed decisions, improve efficiency, and enhance profitability. Below are some of the key

**b. Q Ltd. produces a product involving 2 distinct processes of manufacture. The identical units are introduced in process A and the entire output is transferred to process B.**

**From the following particulars prepare the relevant process accounts.**

|  |  |
| --- | --- |
| **Particulars** | **₹** |
| **Materials** |  |
| **Process A (10560units introduced)** | **263950** |
| **Process B** | **55610** |
| **Direct Labour** |  |
| **Process A** | **63000** |
| **Process B** | **132000** |

**There was no opening or closing stock in process A and process B. Works overheads are absorbed @ 40% of Direct labour in all processes. There were no spoiled units in any process.**

**Ans 2b.**

The process accounts for Process A and Process B can be prepared as follows:

**Process A Account:**

| **Particulars** | **₹** | **₹** |
| --- | --- | --- |
| To Materials (10560 units introduced) | 263950 |  |

**3a. Explain any 3 types of operating costing.**

**Ans 3a.**

There are 3 types of operating costing

* Transport costing
* Power and distribution costing
* Boiler house costing

**1. Transport costing:** The costing in the transport industry meets multiple objectives.

These objectives can be segregated as follows by the type of transport service an organisation

**3b. Explain the need of reconciliation of costing records and financial records.**

**Ans 3b.**

The reconciliation of costing records and financial records is a critical process in business accounting. Costing records refer to the records that capture the cost of production or provision of goods and services, while financial records encompass the overall financial transactions and statements of a company. Reconciling these two sets of records is essential