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4 (Sem-1) CAC M1

2018

**COST ACCOUNTING**

Paper : 1.5

**(Accountancy Major)**

Full Marks – 80

Pass Marks – 24

Time – Three hours

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

1. Answer the following as directed :  $1 \times 10 = 10$
- (a) Material is the \_\_\_\_\_ element of cost. (Fill in the blank)
  - (b) A job is a small contract and a contract is a big job. (State whether the statement is true or false)
  - (c) Cost is a \_\_\_\_\_ and price is a \_\_\_\_\_. (Fill in the blanks)

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- (d) Abnormal gain appears on the credit side of the Process Account. (State whether the statement is true or false.)
- (e) Which method of valuing materials is suitable in times of rising prices ?
- (i) LIFO                      (ii) FIFO  
(iii) HIFO                    (iv) FILO
- (f) Cost Ledger Control Account always has a credit balance. (State whether the statement is true or false)
- (g) The change in costs due to changes in the method of production is known as \_\_\_\_\_. (Fill in the blank)
- (i) Marginal cost  
(ii) Replacement cost  
(iii) Differential cost  
(iv) Opportunity cost.
- (h) Overhead is the aggregate of \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_. (Fill in the blanks)

(i) Wage sheet is prepared by the

- (i) Personal department  
(ii) Pay-roll department  
(iii) Cost accounting department  
(iv) None of the above.

(Select the most appropriate one)

(j) VED stands for \_\_\_\_\_. (Fill in the blank)

2. Answer the following questions :                      2×5=10

- (a) What is meant by Cost Accounting ?
- (b) State the meaning of Motion Study in labour costing.
- (c) What is Inter-locking system ?
- (d) State two important features of Process costing.
- (e) What is meant by absorption of overheads ?

3. Answer any *four* of the following questions :  
5×4=20

- (a) State the essential pre-requisites of Integrated Accounting System.
- (b) The following information relate to the manufacturing of a standard product during April, 2017 :

Raw materials :	Rs. 20,000
Direct labour :	Rs. 10,000
Machine hour rate :	Rs. 5
Machine hours worked :	900 hours
Administrative overheads :	20% of works cost
Selling overheads :	Rs. 50 per unit
Units produced :	17,100 units
Units sold :	16,000 units
Sale price :	Rs. 4 per unit.

You are required to prepare statement of cost showing cost and profit per unit sold.

- (c) Cost accounting vs Financial accounting.
- (d) State the needs for reconciliation of cost and financial accounts.

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(4)

(e) Write short note on Economic Order Quantity (EOQ).

(f) A factory has 8 hours – 6 days a week. An employee takes 8 hours to do a job on daily wages basis and 6 hours under incentive plan. His day rate is Rs. 2 per hour.

Calculate his wages to be charged to the job under :

- (i) Piece work plan  
(ii) Halsey plan  
(iii) Rowan plan

(g) Distinguish between under-absorption and over-absorption of overheads.

4. (a) How is profit on an incomplete contract brought into account? 5
- (b) What is meant by Cost-plus contract? 5

Or

Product 'X' is obtained after it passes through two distinct processes. 1,000 units at Rs. 3 each were introduced to process I. There was no stock of materials or work-in-progress at

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(5)

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the beginning or at the end of the period. The output of each process passes direct to next process and finally to finished stores. The following information is obtained from the accounts for the week ending January 31st, 2017 :

	Process I	Process II
Direct materials	Rs. 2,600	Rs. 1,980
Direct wages	Rs. 2,000	Rs. 3,000
Output during the week	950 units	840 units
Normal loss	5%	10%

Production overhead is recovered on 100 per cent of direct wages. Value of scrap per unit is Rs.2 and Rs.4 for process I process II respectively.

Prepare Process I Account and Process II Account.

5. (a) What do you understand by Labour Turn-over? 5
- (b) What are the different costs of labour turnover? 5

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Or

Md. Rahaman is an employee of Robin Blue Ltd. He is paid by the employer the following emoluments :

Basic wages (monthly) = Rs. 15,000

Dearness allowance (monthly) = Rs. 5,000

Employer's contribution to Provident Fund 10% of basic pay and DA.

E.S.I contribution by employer 5% of basic pay and DA.

Cost of non-monetary benefits provided by the employer = Rs. 3,000 per month.

Number of working days in a year = 250

Normal working hours per day = 8

Normal idle time = 10%.

Compute the wage rate per hour for costing purposes. The terms 'wages' and 'pay' are used in the same meaning. 10

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6. Explain what is meant by 'maximum level', 'minimum level' and 're-ordering level' in the maintenance of stock in an organisation. 10

Or

From the following information, calculate the value of closing stock using : 10

- (i) FIFO basis and  
(ii) LIFO basis

Opening stock as on 1.4.2017 : 50,000 units

Rate per unit applicable : Rs. 7

Purchases :

On 25.5.2017 : 1,10,000 units @ Rs. 9 per unit

On 15.8.2017 : 1,25,000 units @ Rs. 8 per unit

On 13.12.2017 : 93,000 units @ Rs. 11 per unit

On 5.3.2018 : 65,000 units @ Rs. 12 per unit

Closing stock as on 31.3.2018 : 1,67,000 units.

10

7. (a) State the advantages of 'Integrated Accounts'. 5

- (b) Discuss the various basis for apportionment of overheads to cost centres. 5

Or

During the year ending 31st March, 2017, the factory overhead costs to three production departments of an organisation are as under : 10

X Rs. 48,950

Y Rs. 89,200

Z Rs. 64,500

The basis of absorption of overheads is given below :

Departments :

X Rs. 5 per machine hour for 10,000 hours

Y 75% of direct labour cost of Rs. 1,20,000

Z Rs. 4 per piece for 15,000 pieces.

Calculate the department-wise under-absorption or over-absorption of overhead and present the data in tabular form.