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4 (Sem-1) CAC MI

2019

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 questions as directed :
 $1 \times 10 = 10$
 - (i) Cost Accounting is generally concerned with internal reporting for managerial requirement.
(State whether the statement is true or false.)
 - (ii) Materials should be issued by the Store-keeper against _____ slip.
(Fill in the blank.)

[Turn over

(iii) Cost of normal loss in Process costing is borne by the goods produced.

(State whether the statement is true or false.)

(iv) Wages under Piece-rate system are paid according to the ____ of work done.

(Fill in the blank.)

(v) A job is a small contract and a contract is a big job.

(State whether the statement is true or false.)

(vi) VED stands for ____.

(Fill in the blank.)

(vii) Cost Ledger Control Account always has a credit balance.

(State whether the statement is true or false.)

(viii) Overhead is the aggregate of ____, ____ and ____.

(Fill in the blanks.)

(ix) EOQ stands for ____.

(Fill in the blank.)

(x) Loss incurred in an incomplete contract is transferred to ____ Account.

(Fill in the blank.)

2. Answer the following questions : $2 \times 5 = 10$

(a) What is a Cost Sheet ?

(b) What do you understand by "Overhead cost"?

(c) What do you mean by elements of costs ?

(d) State two important features of Process costing.

(e) State the meaning of 'cost' in respect of Cost accounting.

3. Answer any *four* of the following questions :

$5 \times 4 = 20$

(a) State the characteristics of a good cost accounting system.

(b) What is meant by Cost-plus contract ?

(c) State five distinctions between Job costing and Process costing.

- (d) State the essential pre-requisites of Integrated Accounting System.
- (e) What are the essentials of "Perpetual Inventory System" ?
- (f) Explain the FIFO and LIFO methods of valuation of materials issue.
4. The following particulars have been given on a contract still incomplete on 31st December, 2016 : 10

Materials purchased Rs. 80,000

Wages paid Rs. 70,000

Direct charges paid Rs. 50,000

Rs. 2,00,000 have been received from Contractee being 80% of the work certified. Find out profit to be credited to Profit and Loss Account if the value of work-in-progress uncertified is Rs. 10,000.

Or

What is Process Costing? What are the conditions where Process costing is applied and name also the industries. 2+6+2=10

5. From the following data, calculate the machine hour rate for machine 'Y' : 10

Cost of machine Rs. 42,000

Estimated scrap value Rs. 2,000

Effective working life 40,000 hours

Running time for 4-weekly period 200 hours

4-weekly maintenance expenses covering all repairs Rs. 400

Standing charges allocated to machine for 4 weekly period Rs.200

Cost of power used by the machine during 4-weekly period Rs. 200.

Or

What do you mean by 'Over absorption' and 'Under absorption' of overheads? Give the accounting treatment of them. 5+5=10

6. What do you understand by 'Labour Turnover'? State its effect on cost of production. 5+5=10

Or

From the following particulars, prepare the labour cost per man day of 8 hours : 10

(i) Basic pay Rs. 5 per day

- (ii) Dearness allowance Rs. 25 per every point over 100 cost of living index for working class. Current cost of living index is 700 points.
- (iii) Leave salary, 10% of (i) and (ii) above.
- (iv) Employer's contribution to Provident fund 8% of (i), (ii) and (iii) above.
- (v) Employer's contribution to Employees State insurance 2.5% of (i), (ii) and (iii) above.
- (vi) Expenditure on amenities to labour Rs. 20 per head per mensem.
- (vii) Number of working days in a month : 25 days of 8 hours.

7. What is meant by "Cost Accounting" ? State and explain the main differences between "Financial Accounting" and "Cost Accounting". 3+7=10

Or

The particulars of materials P and Q are given below :

Normal usage : 10 units per week each .

Minimum usage : 5 units per week each

Maximum usage : 15 units per week each

Re-ordering quantity :

P : 60 units

Q : 100 units.

Re-ordering period :

P : 3 to 5 weeks

Q : 2 to 4 weeks

Calculate for each material : $2\frac{1}{2} \times 4 = 10$

- (a) Re-ordering level
 (b) Minimum level
 (c) Maximum level and
 (d) Average level.