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.)

(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 :   2×5=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 :

5×4=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-requisities 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.