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4 (Sem-1) CAC

2021

(Held in 2022)

COMMERCE

(Accountancy Major)

Paper : 1-5

(Cost Accounting)

Full Marks : 80

Time : Three hours

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

1. Answer the following as directed :

1×10=10

(a) Material is the _____ element of cost.
(Fill in the blank)

(b) VED stands for _____ .
(Fill in the blank)

Contd.

- (c) Cost of normal loss in process costing is borne by the goods produced.
(State whether the statement is True or False)
- (d) A job is a small contract and a contract is a big job.
(State whether the statement is True or False)
- (e) Wages 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)
- (f) Which method of valuing materials is suitable in times of rising prices ?
(i) FIFO
(ii) FIFO
(iii) LIFO
(iv) FILO *(Choose the correct answer)*
- (g) Abnormal gain appears on the credit side of the process account.
(State whether the statement is True or False)

(h) Idle time is the difference between time clocked and time booked.

(State whether the statement is True or False)

(i) All costs are controllable.

(State whether the statement is True or False)

(j) Loss incurred in an incomplete contract is transferred to _____ Account.

(i) Profit & Loss

(ii) Contractor

(iii) Contract

(iv) Work-certified

(Select the most appropriate one)

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

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

(b) State *two* features of process costing.

(c) What is meant by absorption of overheads ?

(d) State *two* objectives of cost accounting.

(e) What is meant by integrated accounts ?

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

5×4=20

(a) State *five* distinctions between job costing and process costing.

(b) Explain the FIFO and LIFO methods of valuation of materials.

(c) Explain the concept of ABC system as a technique of effective material control.

(d) What are the essentials of 'perpetual inventory system'?

(e) State the needs of reconciliation of cost and financial accounts.

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

4. (a) What is meant by cost-plus contract ?

5

(b) How is profit on an incomplete contract brought into account ?

5

Or

Product X is obtained after it passes through two distinct processes. 1000 units at ₹ 3 each were introduced to Process I. There was no stock of materials or work-in-progress at 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, 2021 :

Particulars	Process I	Process II
Direct Materials	₹ 2600	₹ 1980
Direct Wages	₹ 2000	₹ 3000
Output	950 units	840 units
Normal Loss	5%	10%

Production overhead is recovered on 100% of direct wages. Value of scrap per unit is ₹ 2 and ₹ 4 for Process I and Process II respectively. Prepare Process I Account and Process II Account. 10

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

10

Or

Mrs. Barman is employed in a factory. From the following information, calculate her earning per day under straight piece rate and Taylor's differential piece rate system :

10

Normal rate per hour ₹ 2.40

Standard time per unit 30 seconds

Differentials :

80% of piece rate below standard

120% of piece rate above standard

Production achieved : 800 units

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 ₹ 5 per day.
- (ii) Dearness allowance ₹ 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) Employee's contribution to Provident Fund @ 12% of (i), (ii) and (iii) above.
- (v) Employer's contribution to Employees' State Insurance 5% of (i), (ii) and (iii) above.
- (vi) Expenditure on amenities to labour ₹ 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 Cost Accounting and Financial Accounting.

3+7=10

Or

(a) The following information relate to the manufacturing of standard product during the year 31st March, 2021 :

	₹
Material Consumed	80,000
Factory Wages	1,20,000
Factory Overheads	25% of prime cost
Office and Administrative Overheads	90,000
Selling and Distribution Overheads	12% of work cost
Unit Produced	1000 units
Stock of Finished Goods	200 units
Sales	₹ 430 per unit

You are required to prepare statement of cost and profit per unit sold. 5

(b) Explain different techniques of costing. 5