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**4 (Sem 1) COAC (M1)**

**2013**

**COST ACCOUNTING**

**(Major)**

**Paper : Major 105**

*Full Marks : 80*

**Time : Three Hours**

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

*Answer all questions.*

1. Answer as directed : 1×10=10
- (i) Cost Accounting is generally concerned with internal reporting for managerial requirement (state whether the statement is True *or* False).

*Contd.*



- (ii) Cost is expressed in '₹' per physical unit (like metre, kg, km, tonne etc.) State whether the statement is True or False.
- (iii) Calculate the value of raw materials consumed if Raw materials purchased ₹ 88,000, Opening stock of raw materials ₹ 1,00,000 and Closing stock of raw materials ₹ 1,23,500.
- (iv) Select the most appropriate :
- Material control covers
- (a) Purchase of Materials
  - (b) Issue of Materials
  - (c) Storing of Materials
  - (d) All of the above.
- (v) Materials should be issued by the storekeeper against \_\_\_\_\_ slip. (Fill in the blank)

- (vi) Stock verification sheets are maintained to record the result of \_\_\_\_\_. (Fill in the blank)
- (vii) Time and Motion study is conducted by Pay-roll Department (state whether the statement is True or False).
- (viii) Cost of Abnormal idle time is transferred to \_\_\_\_\_. (Fill in the blank)
- (ix) Select the most appropriate :
- Wage sheet is prepared by the
- (a) Personnel Department
  - (b) Pay-roll Department
  - (c) Cost Accounting Department
  - (d) None of the above.
- (x) Overhead cost is the aggregate of indirect material cost, indirect wages and \_\_\_\_\_. (Fill in the blank)



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

- (i) Write the meaning of cost classification.
- (ii) State *at least four* items of expenses / losses which will not form a part of the costs as per Cost Accounting.
- (iii) Write the meaning of Merit Rating.
- (iv) Write the meaning of cost apportionment.
- (v) What basis would you follow for distribution of the following overhead expenses to departments? Factory Rent, Municipal Rent and Taxes, ESI, Store service expenses.

3. (i) The following information relates to the manufacturing of a standard product during June 2013

	Amount in ₹
Raw materials	2,00,000
Direct labour	1,00,000
Machine hour rate	50

Machine hour worked 900 hours  
Administrative overheads 20% of  
works cost selling overhead ₹ 5  
per unit

units produced 17,100 units  
units sold 16,000 units @ ₹ 40 per unit

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

- (ii) State *five* features of a good cost accounting system. 5
- (iii) Write *five* causes of under or over absorption of overheads. 5

*Or*

Write *five* objectives of departmentalisation of overheads. 5

- (iv) Briefly describe the Process Costing procedure. 5



Or

Briefly describe the accounting treatment of the following while preparing Contract Account

- (a) Depreciation of Plant
- (b) Cash Ratio and Retention Money.

2+3=5

4. Barpeta Rice Enterprise do not maintain perpetual inventory system. Only physical inventory was taken at the end of each month. The physical inventory at the end of Dec. 2012 showed 200 bags of fine rice at ₹ 212.25 per bag. The following purchases were made during the month of January, 2013

3<sup>rd</sup> Jan. 400 bags at ₹ 218 per bag

10<sup>th</sup> Jan. 900 bags at ₹ 223.50 per bag

15<sup>th</sup> Jan. 400 bags at ₹ 220 per bag

28<sup>th</sup> Jan. 700 bags at ₹ 213 per bag

30<sup>th</sup> Jan. 300 bags at ₹ 224 per bag.

On 31<sup>st</sup> January, 2013, the physical stock was 1,200 bags. You are required to calculate the value of the stock on 31<sup>st</sup> January, 2013 according to

(i) FIFO method

(ii) LIFO method and

(iii) Average cost method.

10

Or

Explain briefly the meaning of Maximum Level, Minimum Level and Re-ordering Level in the maintenance of stock in an organisation. What are the factors that governs the fixing of these levels ?

10



5. 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)
- (iv) Employer's contribution to Provident Fund 8% of (i), (ii) and (iii)
- (v) Employer's contribution to State Insurance 2.5% of (i), (ii) and (iii)
- (vi) Expenditure on amenities to labour ₹ 20 per head per month
- (vii) Number of working days in a month 25 days of 8 hours.

Or

Write short notes on : 5+5=10

- (i) Job Evaluation
- (ii) Job Analysis.

Describe briefly the principal accounts to be maintained in the Cost Ledger and state their functions. 10

Or

Why in Reconciliation of Cost and Financial Accounts necessary? State the possible reasons for differences between profit shown by both the accounts. 5+5=10

The following expenditure was incurred for producing 190 units of a standard product

	₹
Materials issued (200 units)	8000
Direct labour	6000
Indirect expenses	4000

Normal wastage 5% of the input.

Prepare Process Account and Calculate the per unit cost of the good units if :

- (i) Scrap value of wastage sold at ₹ 33 per unit
- (ii) Scrap value of wastage is nil. 10



Or

The following figures relate to two jobs of a building contractor

	Contract A Amount ₹	Contract B Amount ₹
Total expenditure upto 31st Dec 2010	77,784	34,414
Wages paid in 2011	20,472	4,219
Materials issued in 2011	31,556	1,429
Indirect expenses charged in 2011	1,050	115
Plant transferred at valuation to other contract on 30 <sup>th</sup> Nov. 2011 (Originally charged at cost to these contracts)	550	38
Total Contract Price	1,38,905	27,578

In each case the work was actually completed on 30<sup>th</sup> Nov. 2011 but contract could not be considered as completed until the maintenance period of six months had expired on 31st May 2012.

Prepare Contract Account in columnar form and state what profit or loss (if any) should be transferred to Profit and Loss Account of 2011 supposing maintenance expenses to be ₹ 200 per month for each contract.

10