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4 (Sem I) COAC (M1)

2014

## **COST ACCOUNTING**

(Major)

Paper : 105

Full Marks : 80

Time : Three Hours

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

Answer as directed :

1×6=6

- (a) What is 'Just-in-Time Purchasing' ?
- (b) Define 'Codification of materials'.
- (c) What is 'Time Booking' in Labour Cost Control ?
- (d) Mention the meaning of 'Time and Motion Study'.

*Contd.*

- (e) Give *two* features of 'Process Costing'.
- (f) Mention *two* difficulties involved in Process Costing.

2. Answer the following questions briefly :

3×5=15

- (a) Explain the practical difficulties faced while installing Cost Accounting System in an organisation.
- (b) Define, with examples, the meaning of (i) Cost Unit and (ii) Cost Centre.
- (c) What are the essentials of 'Perpetual Inventory System' ?
- (d) Mention the causes of high labour turnover.
- (e) Discuss the applicability of Process Costing.

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

- (a) Write a brief note on 'Methods of Classification' of overheads in cost accounting.

**OR**

Write a brief note on 'Methods of 'Overhead Absorption' in Cost Accounting.

(b) Describe the treatment of the following items in Cost Accounting :

- (i) Depreciation
- (ii) Interest on Capital.

**OR**

The following budget is presented before you for the year 2014-15.

Factory overheads : Rs. 62,000

Direct labour cost : Rs. 98,000

Direct labour hours : 15,500 Hours

Machine Hours : 50,000 Hours

There will be 3,000 direct labours and 10 Machines working during 2014-15.

You are required to calculate

- (i) Direct Labour Hour Rate
- (ii) Direct Labour Cost Rate
- (iii) Machine Hour Rate.

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

(a) Explain the meaning and basic features of 'Integral System of Cost Accounting Records'.

(b) Explain the possible reasons for differences between Profit (Loss) shown by Cost Accounts and Financial Accounts.

5. Answer the following :

(a) From the following information, prepare a Cost Sheet showing Cost Per Unit and show the profit for the month of January 2014.

Raw Materials Consumed	Rs. 80,000.00
Direct wages	Rs. 48,000.00
Selling Overhead per unit	Rs. 1.50
Machine hours worked	8,000 hours
Machine hour rate	Rs. 4 per hour
Office Overhead	10% of Works Cost
Units Produced	4,000
Units Sold	3,600 @ Rs. 50 each

(b) From the following particulars find out the value of Closing Inventory as on 31-03-2014

10

**Purchases :**

2014, March 3 : 400 kgs @ Rs. 2.50 per kg

7 : 800 kgs @ Rs. 3.00 per kg

17 : 500 kgs @ Rs. 3.50 per kg

**Issues :**

2014, March 5 : 600 kgs

9 : 500 kgs

25 : 600 kgs

Stock on March 1, 2014 was 500 kgs valued @ Rs. 2.00 per kg. The stock verification on March 27 revealed that there was a loss of 10 kg. Apply FIFO Method.

**OR**

Discuss the merits and demerits of FIFO and LIFO methods of inventory valuation.

10

(c) Calculate the total monthly remuneration of two workers : A and B from the following data : 10

(i) Standard production per month per worker 2000 units.

Actual Production : A : 1,800 units

B : 1,600 units

(ii) Piece Work Rate in Re 1.00 per unit of actual production

(iii) Additional production bonus is Rs. 20 for each percentage actual production exceeding 80% of actual production.

**OR**

Give the treatment of the following items as applied in Cost Accounting : 10

(i) Direct Expenses

(ii) Indirect Expenses

(iii) Interest on Capital

(iv) Research and Development expenses

(v) Depreciation.

(d) The following is the condensed record of transaction on 31st March, 2014 relating to a special contract completed on the same financial year.

	Rs.
Materials bought from Market	3,000
Materials issued from the Stores	1,000
Wages	4,880
Direct Expenses	588

Work oncost 25% of Direct wages ; Office oncost 10% of Prime Cost ; Contract Price Rs. 12,000.

You are required to prepare a contract Account Keeping in view that material returned amounted to Rs. 480.