

2024

Time :As in Programme

Full Marks : 100

The figures in the right-hand margin indicate marks.

Answer all questions.

Cost Accountng

PART-I

1. Select the correct answer for each of the following questions.

1x10

- a. Fixed cost per unit increases when :
- i. Variable cost per unit increases
 - ii. Variable cost per unit decreases
 - iii. Production volume increases
 - iv. Production volume decreases
- b. Cost of production is equal to :
- i. Prime cost plus works costs
 - ii. Total cost minus prime cost
 - iii. Works cost plus Administrative cost
 - iv. Prime cost plus Administrative cost

- c. Closing stock of material is valued at the market price under which method of material issues ?
- i. CIFO
 - ii. FIFO
 - iii. Simple Average
 - iv. Weighted Average
- d. In which of the following incentive plans of wage payments, wages on time basis are not guaranteed ?
- i. Halsey premium plan
 - ii. Rowan plan
 - iii. Taylor's differential piece rate system
 - iv. Piece rate system
- e. When overtime is required for meeting urgent orders, overtime premium should be :
- i. Charged to costing profit and loss Account
 - ii. Charged to overhead costs
 - iii. charged to respective jobs
 - iv. None of the above
- f. Bad debt is an example of :
- i. Production overhead
 - ii. Administration overhead
 - iii. Selling overhead
 - iv. Distribution overhead
- g. Absorption means :
- i. Charging of overheads to cost centres
 - ii. Charging of overheads to cost units
 - iii. Charging of overheads to cost centres or cost units.
 - iv. None of the above

- h. A process loss that does not affect the cost per unit is :
- i. Abnormal loss ii. Standard loss
 - iii. Normal loss iv. seasonal loss
- i. Which of the following is not an activity under activity based costing :
- i. Purchase order palced ii. Allocation of cost
 - iii. Machine set-up iv. Machine hour
- j. Contract costing is not used in one of the following industries :
- i. Ship building ii. Civil construction
 - iii. Automobiles iv. Construction of Bridges

PART-II

2. Answer the following in 50 words each. 2x9
- a. What is cost unit ?
 - b. Give the examples of expenses that are excluded from costs.
 - c. Explain the meaning of perpetual Inventory system.
 - d. Write a note on labour Turnover.
 - e. What is secondary distribution of overheads ?
 - f. What is Machine Hour Rate ?
 - g. What do you mean by "Cost plus Contract" ?
 - h. What do you mean by "Normal process Loss" ?
 - i. What is operating costing ?

PART-III

3. Answer any eight questions of the followings in 250 words each. 5x8
- a. Explain and illustrate the various elements of cost.
 - b. Discuss the essentials of a good cost Accounting system.
 - c. Distinguish between Bill of Materials and Materials Requisition Note.
 - d. What is overtime ? How is it treated in cost Accounts ?
 - e. What do you mean by ABC system of material control ?
 - f. Distinguish between allocation and apportionment of overhead.
 - g. How are under and over-absorbed overhead treated in cost accounts ?
 - h. Distinguish between job costing and contract costing.
 - i. What is equivalent production ? How it is computed ?
 - j. Discuss the advantages of activity based costing.

PART-IV

Answer any four of the following in 800 words each. 8x4

4. The following particulars have been extracted from the books of J.K. production co.Ltd. for the year ended 31st March 2024.

	Rs.
Stock of materials as on 1 April, 2023	47,000
Stock of materials as on 31 March, 2024	45,000
Materials purchased	2,08,000
Drawing office salaries	9,600

(4)

(Contd.)

Counting house salaries	14,000
Carriage inwards	8,200
Carriage outwards	5,100
Donation to relief fund	4,300
Sales	4,87,000
Bad debts written off	4,700
Repairs of plant, machinery and tools	8,600
Rent, rates, taxes and insurance (factory)	3,000
Rent, rates, taxes and insurance (office)	1,000
Travelling expenses	3,700
Travellers salaries & commission	7,800
Production wages	1,45,000
Depreciation on plant, machinery and tools	9,100
Depreciation written off on furniture	600
Director's fee	6,000
Gas and water charges (factory)	1,000
Gas and water charges (office)	1050
General charges	11,000
Factory Manager's salary	11,250
Income Tax	500
Dividend	1000

Prepare a cost sheet showing different elements of cost.



5. Describe the various methods of pricing issues of materials and indicate their impact on the ascertainment of profits, when there is a general tendency of rising prices.
6. A firm has three production departments A, B and C and two service departments X and Y. The following figures are extracted from the books of the firm.

Depreciation	Rs. 4000
Lighting	Rs. 240
Rent	Rs. 2000
Indirect wages	Rs. 600
Power	Rs. 600
Others	Rs. 4000

Other particulars :

	A	B	C	X	Y
Floor space (sq.feet)	400	500	600	400	100
Direct wages (Rs.)	900	600	900	900	700
Light points	20	30	40	20	10
HP of the machines	75	30	25	10	—
Value of machinery (Rs.)	12,000	16,000	20,000	1000	1000
Working hours	3113	2014	2033	—	—

The expenses of service Departments X and Y are to be apportioned as follows :

	A	B	C	X	Y
X	20%	30%	40%	—	10%
Y	40%	20%	20%	20%	—

You are requested to distribute the service department expenses to the production department (A, B & C) and calculate hourly rate of each production department.

7. A company manufactures a chemical product by a series of operations in three processes. Raw material is fed into process I and the finished chemical that comes out of process III is transferred to finished goods store. The following particulars relating to operations for April 2024 are given below :

	Process-I	Process-II	Process-III
Raw materials issued Rs. 9,60,000 (80,000 kgs)		—	—
Direct wages (Rs.)	1,25,600	1,72,000	1,42,500
Overhead costs	1,68,000	1,77,280	1,24,690
Normal processing loss (% of input)	3%	2%	1%
Output transferred to next process	74,000kgs	69,400kgs	69,000kgs
Work-in-process (closing balance)	3,000	2,400	—
(Processed material awaiting transfer to next process)			

Prepare the accounts of processes I, II and III and also abnormal loss and abnormal gain accounts, if any.

8. What is contract costing ? Explain how the profits are determined in the case of uncompleted contracts.

