

in the course of manufacture and they possess a scrap value of Rs. 4 each. The output of process A was only 80 units. Prepare necessary accounts as they may appear in the books of accounts.

Also state the meaning of inter-process transfer price in terms of process costing. $8+2=10$

Or

- (a) What is meant by cost-plus-contract ? 5
- (b) State the basic features of batch costing. 5

Total No. of printed pages = 10
4 (Sem-1) COAC M1

2016

COST ACCOUNTING

Paper – 1.5

(Accountancy Major)

Full Marks – 80

Time – Three hours

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

1. Choose the correct option from the following : $1 \times 5 = 5$

- (a) An organisational segment or area of activity considered to accumulate cost is termed as —
 - (i) cost unit
 - (ii) cost centre
 - (iii) management unit
 - (iv) management centre.

(b) Which method of valuing materials is suitable in times of rising prices ?

- (i) LIFO
- (ii) FIFO
- (iii) HIFO
- (iv) FILO.

(c) Which of the following methods of wage payment do not guarantee a minimum wage to the workers ?

- (i) Halsey Premium Plan
- (ii) Bedeaux Point Plan
- (iii) Taylor's Differential Plan
- (iv) Rowan Premium Plan.

(d) Examine the correctness of the statements given below :

- I. Factory overheads can not be associated with a specific product or job.
 - II. Factory overhead should not be included in the total cost of a product or job.
- (i) Statement I is correct.
 - (ii) Statement II is correct.
 - (iii) Both the statements I and II are correct.
 - (iv) Both the statements I and II are incorrect.

(e) Normal wastage in process costing is classified as :

- (i) Deferred charge
- (ii) Period cost
- (iii) Product cost
- (iv) An extraordinary item.

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

- (a) What is meant by lead time ?
- (b) Calculate the wages to be earned by a worker, using straight piece rate system of wage payment, if the normal rate per hour is Rs. 5, standard time per unit is 12 min and in a 40 hours week, the output of the worker is 166 units.
- (c) State the meaning of cost drivers.
- (d) Pass the journal entry to record materials returned to supplier under integral accounting system.
- (e) State two important features of process costing.

3. Answer any five of the following questions : $5 \times 5 = 25$

- (a) State the characteristics of a good cost accounting system.
- (b) Explain the concept of Perpetual Inventory System as a technique of effective material control.
- (c) Calculate the earnings of a worker under :
 - (i) Halsey plan and
 - (ii) Rowan plan

6/4 (Sem-1) COAC M1 (3) [Turn over

If the hourly rate of wages guaranteed is 0.50 paise per hour, standard time for producing one dozen articles is 3 hours and the actual time taken by the worker to produce 20 dozen articles is 48 hours.

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

(e) The following information relating to a manufacturing unit is provided :

Input of raw materials in process-I 1,000 units @ Rs. 6 per unit

Direct materials Rs. 5,200

Direct wages Rs. 4,000

Production overheads Rs. 4,000

Actual output 950 units

(to be transferred to Process II)

Normal loss 5%

Value of scrap per unit Rs. 4

Prepare Process – I Account and Normal loss Account as they may appear in the books of accounts.

(f) A manufacturing company disclosed a net loss of Rs. 5,72,000 as per their cost accounts for the year ended March 31st, 2016. The following information was revealed as a result of scrutiny of the figures of both the sets of books :

(i) Factory overhead over-absorbed Rs. 16,000

(ii) Administration overhead under-absorbed Rs. 24,000

(iii) Depreciation charged in financial accounts Rs. 2,20,000

(iv) Depreciation charged in cost accounts Rs. 2,45,000

(v) Income tax provided Rs. 1,50,000

(vi) Interest on loan funds in financial accounts Rs. 2,67,000

(vii) Interest on investments not included in cost accounts Rs. 64,000

(viii) Transfer fees (credit in financial books) Rs. 16,000

(ix) Stores adjustment (credit in financial books) Rs. 8,000

Prepare Memorandum Reconciliation Account.

Or

State the needs for reconciliation of cost and financial accounts.

4. Explain the concept of cost centre. How does cost accounting contribute to the effective and efficient resources allocation in a manufacturing entity ?
3+7=10

Or

The following are the costing records for the year 2016 :

	Opening	Closing
Raw materials	Rs. 29,500	Rs. 36,000
Work-in-progress :		
Materials	13,600	12,000
Wages	11,000	16,500
Works overheads	6,600	9,900
Finished goods		
200 units @ 84 (p.u)	84 (p.u)	—
Finished goods		
1600 units @ —	—	84 (p.u)

Purchase of raw materials Rs. 1,90,000

Carriage on purchase Rs. 1,500

Sale of scrap of raw materials Rs. 5,000

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Wages paid Rs. 2,97,000.

Works overheads are absorbed @ 60% of direct labour cost.

Administration overheads are absorbed @ Rs. 12 per unit produced.

Selling and distribution overheads are absorbed @ 20% of selling price.

Sales during the year 7,600 units at a profit of 10% on sales price.

Prepare a cost sheet for the year ended 31st March, 2016.

5. (a) Distinguish between ordering cost and carrying cost of materials. 3

(b) Arun company buys in lots of 500 boxes of an article which is a 3 months supply. The cost per box is Rs. 125 and the ordering cost is Rs. 150. The inventory carrying cost is estimated at 20% of unit value. What is the total annual cost of the existing inventory policy ? How much should be saved by employing EOQ method of material control ? 7

Or

- (a) What is meant by material control ? 3

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