

7. The following was the expenditure on a contract of Rs. 12,00,000 commenced in April 2015 : 10

| | |
|------------------|--------------|
| Materials | Rs. 1,20,000 |
| Wages | Rs. 1,64,000 |
| Plant | Rs. 20,000 |
| General expenses | Rs. 8,000 |

Cash received on account to 31st March 2016 amounted to Rs. 2,40,000. Retention money is 20% of the work certified, the value of materials in hand at 31st March, 2016 was Rs. 10,000.

Prepare Contract Account showing the position at the end of the year and the amount of the profit which might reasonably be taken to Profit and Loss Account after allowing 10% for depreciation on plant.

Or

- (a) Write a short note on inter-process transfer pricing in terms of process costing. 5
- (b) State the features of a process cost system. 5

6/4 (Sem-1) CAC M1 (12)

7500(W)

Total No. of printed pages = 12

4 (Sem-1) CAC M1

2017

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 options from the following :

1×10=10

- (a) Cost centres are created for _____.
- (i) inventory valuation
- (ii) product pricing
- (iii) control and fixation of responsibility
- (iv) revenue generation.

[Turn over

- (b) Re-ordering period or lead time means :
- (i) time required to raise purchase requisition
 - (ii) time needed to process an order
 - (iii) time needed to place an order and receive the material
 - (iv) the interval between the date of production and the date of receipt of material.
- (c) For a work order the standard time and time taken are 20 hours and 15 hours respectively. Time rate being Rs. 2 per hour. Total wages payable under Rowan Premium Plan will be :
- (i) Rs. 37.50
 - (ii) Rs. 47.50
 - (iii) Rs. 27.50
 - (iv) Rs. 17.50.
- (d) The charging of discrete, identifiable items of cost to cost centres or cost units is known as _____.
- (i) Absorption of overhead
 - (ii) Allocation of overhead
 - (iii) Apportionment of overhead
 - (iv) Alignment of overhead.

6/4 (Sem-1) CAC M1 (2)

- (e) Wage sheet is prepared by the _____.
- (i) Personnel department
 - (ii) Payroll department
 - (iii) Engineering department
 - (iv) Time-keeping department.
- (f) Loss incurred in an incomplete contract is transferred to _____ A/c.
- (i) Profit and loss
 - (ii) Contract
 - (iii) Work certified
 - (iv) Contractor
- (g) In Process costing, the abnormal loss is treated as _____ cost and written off to Profit and Loss Account.
- (i) Unit
 - (ii) Period
 - (iii) Process
 - (iv) Future

6/4 (Sem-1) CAC M1 (3)

[Turn over

(h) The change in costs due to changes in the method of production is known as _____.

- (i) Marginal cost
- (ii) Replacement cost
- (iii) Differential cost
- (iv) Opportunity cost

(i) Which one of the following item is not included in the annual carrying cost of inventory ?

- (i) Insurance cost.
- (ii) Amount of interest payable on the money locked up in the materials.
- (iii) Cost of storage.
- (iv) Cost of staff posted in the purchasing department.

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

I. Under-absorption of overhead means the amount by which the absorbed overheads fall short of the actual amount of overheads incurred.

6/4 (Sem-1) CAC M1

(4)

II. Over-absorption of overhead means the excess of overheads absorbed over the actual amount of overheads incurred.

- (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.

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

- (a) State two objectives of Cost Accounting.
- (b) If the minimum stock level and average stock level of raw material A are 4,000 and 9,000 units respectively, find out its re-order quantity.

- (c) What is meant by abnormal ideal time ?
- (d) State two basic principles of process costing.
- (e) What is meant by integrated accounts ?

6/4 (Sem-1) CAC M1

(5)

[Turn over

3. Answer any four of the following questions :

5×4=20

(a) Distinguish between cost control and cost reduction.

(b) The capacity usage ratio and the capacity utilization ratio in respect of a machine for a particular month is 80% and 90% respectively. The available working hours in a month is 200 hours.

The break-up of ideal time is as follows :

Waiting for job ——— 5 hours

Break down ——— 4 hours

Waiting for tools ——— 3 hours

Calculate the ideal time cost when the hourly fixed cost of running the machine is Rs. 8.00.

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

(d) ABC Ltd. closed its accounts for the year ended 31st March, 2016. The profit shown in financial accounts is Rs. 3,72,000 and for

6/4 (Sem-1) CAC M1 (6)

the same period cost accounts showed a profit of Rs. 4,10,000. On comparison of both the accounts, the following stock balances are appearing :

| | Cost Accounts Rs. | Financial Accounts Rs. |
|---------------------------------|----------------------|---------------------------|
| Opening stock of raw materials | 1,36,000 | 1,45,000 |
| Closing stock of raw materials | 1,10,000 | 1,03,000 |
| Opening stock of finished goods | 2,66,000 | 2,58,000 |
| Closing stock of finished goods | 2,29,000 | 2,23,000 |

Additional information appearing in the Financial Accounts :

Loss on sale of machinery Rs. 35,000

Dividend received Rs. 7,000

Interest received Rs. 4,000

Prepare a Memorandum Reconciliation Account.

6/4 (Sem-1) CAC M1 (7) [Turn over

