

4 SEM TDC COAC 1 (G/S) (N/O)**2 0 1 6****(May)****COMMERCE****(General/Speciality)****Course : 401****(Cost Accounting)****Time : 3 hours**

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

(New Course)Full Marks : 80Pass Marks : 24

1. (a) Choose the correct answer : 1×4=4

(i) The method of costing used in a refinery is process costing/job costing.

(ii) The practice of charging all costs to product is absorption costing/batch costing.

- (iii) Administration expenses are mostly fixed/variable.
- (iv) Variable cost per unit remains same/increases when the volume of production increases.

(b) Fill in the blanks :

1×4=

- (i) Fixed cost per unit _____ with rise in output and _____ with fall in output.
- (ii) Under the ABC analysis of material control, A stands for _____ items.
- (iii) Muster roll is necessary for the preparation of the _____.
- (iv) Fixed overhead cost is a _____ cost.

2. Answer the following (any four) :

4×4=16

- (a) "Classification of cost plays a vital role in ascertaining cost." Explain this statement.
- (b) Give five differences between Cost Accounting and Financial Accounting.

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- (c) Give four reasons of under-absorption and over-absorption of overheads.
- (d) What is ABC analysis? How is it differ from VED analysis?
- (e) Give four differences between Job Costing and Process Costing.

3. (a) From the following information, prepare a Cost Sheet showing the cost and profit :

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	₹
Opening raw material	29,500
Closing raw material	36,000
Opening work-in-progress :	
Material	13,600
Wages	11,000
Works overhead	6,600
Closing work-in-progress :	
Material	12,000
Wages	16,500
Works overhead	9,900

Opening finished goods—200 units @ ₹ 84

Closing finished goods—1600 units

	₹
Purchase of raw material	1,90,000
Carriage on purchase	1,500
Sale of scrap of raw material	5,000
Wages	2,97,000

(Turn Over)

Works overhead @ 60% of direct labour cost. Administrative overhead @ ₹ 12 per unit produced

Selling and distribution overheads @ 20% of selling price

Sales 7600 units at a profit of 10% on cost price

Or

- (b) "The perpetual inventory system is an integral part of material control." Discuss this statement by bringing out the salient features and advantages of this system.

4. (a) From the following particulars, work out the earnings for the week of a worker under the—

- (i) straight piece rate system;
- (ii) differential piece rate system;
- (iii) Halsey premium system;
- (iv) Rowan system :

Number of working hours
per week—48 hours

Wages per hour—₹ 3.75

Rate per piece—₹ 1.50

Normal time per piece—20 minutes

Normal output per week—120 pieces
Actual output for the week—150 pieces
Differential piece rate :

80% piece rate when output is below
standard 120% when output is
above standard

Or

- (b) What is idle time? Discuss its causes.
How is it treated in Cost Accounting?

$$4+6+4=14$$

5. (a) From the following details, compute the hourly rate of a machine installed in a shop :

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Cost of machine—₹ 2,00,000
Installation charges—₹ 20,000
Estimated scrap value—₹ 10,000
Rent and rates of the shop p.a.—₹ 7,200
General lighting of the shop p.m.—₹ 800
Insurance premium for the machine
per quarter—₹ 720
Estimated repairs and maintenance
cost of the machine p.a.—₹ 3,000
Power consumption of the machine—
20 units per hour
Rate of power per 100 units—₹ 20
Estimated working hours of the machine
per year—2300
Shop supervisor's salary
per month—₹ 1,800

The machine occupies $\frac{1}{4}$ th of the total floor area of the shop. The supervisor is expected to devote $\frac{1}{5}$ th of his time for supervising the machine. Normal idle time is expected to be 300 hours per annum.

Or

(b) Define overhead. What do you mean by absorption of overheads? Discuss the different methods of absorption of overheads.

4+2+8=14

6. (a) The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertain that in each process normally 5% of the total weight is lost and 10% is scrap which realises ₹ 80 per tonne and ₹ 200 per tonne from processes A and B respectively. The following are the figures relating to both the processes :

	Process—A	Process—B
Materials (in tonnes)	1000	70
Cost of material per tonne (in ₹)	125	200
Wages (in ₹)	28,000	10,000
Manufacturing expenses (in ₹)	8,000	5,250
Output (in tonnes)	830	780

Prepare Process Accounts showing cost per tonne of each process. There was no stock of work-in-progress in any process.

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Or

(b) Under what circumstances, an enterprise needs to reconcile of Cost Accounts and Financial Accounts? State the reasons for which profit from Cost Accounting and that of Financial Accounting do not tally.

5+9=14

