



**2 0 2 2**

( CBCS )

( 2nd Semester )

**COMMERCE**

**( Cost Accounting )**

*Full Marks : 75*

*Time : 3 hours*

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

*( Use of simple calculator is allowed )*

**( SECTION : A—OBJECTIVE )**

*( Marks : 10 )*

Choose the correct answer from the options provided :

1×5=5

**1.** The basic objective of Cost Accounting is

- (a) tax compliance
- (b) financial audit
- (c) cost ascertainment
- (d) profit analysis

**2.** \_\_\_\_\_ is a master requisition of materials which lists all the materials required for a job.

(a) Bill of materials

(b) Purchase requisition

(c) Debit note

(d) Credit note

**3.** In Emerson's efficiency plan, no bonus is payable unless efficiency level exceeds

(a) 100%

(b) 20%

(c)  $66\frac{2}{3}\%$

(d) 83%

**4.** Allotment of whole items of overheads to cost centres is known as

(a) allocation

(b) apportionment

(c) classification

(d) absorption

**5.** Costing method which can be used in industry where the product passes through different processes is known as

(a) job costing

(b) operating costing

(c) batch costing

(d) process costing

Write whether the following statements are *True (T)* or *False (F)* :

1×5=5

**6.** The main purpose of Cost Accounting is to maximize profit.

**7.** Reorder level is normally fixed between minimum and maximum levels.

**8.** Time rate system is suitable when quality of work is more important than quantity of work.

**9.** When actual overheads are less than absorbed overheads, the difference between the two is called under absorption.

**10.** In job costing, cost of each job is separately ascertained.

**( SECTION : B—SHORT NOTE )**

( Marks : 15 )

Write short notes on the following :

3×5=15

UNIT—I

1. (a) Cost centre

**OR**

(b) Opportunity cost

UNIT—II

2. (a) Economic order quantity

**OR**

(b) ABC system of stores control

UNIT—III

3. (a) Labour turnover

**OR**

(b) Piece rate system

UNIT—IV

4. (a) Under and over absorption of overheads

**OR**

(b) Apportionment of overheads

UNIT—V

5. (a) Process costing

**OR**

(b) Batch costing

**( SECTION : C—DESCRIPTIVE )**

( Marks : 50 )

Answer **one** question from each Unit

UNIT—I

1. What is Cost Accounting? State and explain the differences between Cost Accounting and Financial Accounting. 3+7=10

2. Mr. John furnishes the following data relating to the manufacture of a standard product during the month of April 2020 :

Raw materials consumed—₹ 15,000

Direct labour charges—₹ 9,000

Machine hours worked—900

Machine hour rate—₹ 5

Administration overheads 20% on works cost

Selling overheads—₹ 0.50 per unit

Units produced 17100 and units sold 16000 at ₹ 4 per unit

You are required to prepare a Cost Sheet from the above, showing (a) the cost per unit and (b) the cost per unit sold and profit for the period. 10

UNIT—II

3. Explain the concept of material control. Describe the procedure of purchasing materials. 3+7=10

4. A manufacturing company produces a special product, the monthly demand for which is 500 units. The following particulars are available in respect of the materials used for manufacturing the product :

Cost of placing an order—₹ 120

Annual carrying cost per unit—₹ 12

Normal usage—60 units per week

Minimum usage—30 units per week

Maximum usage—90 units per week

Delivery period is 4 to 6 weeks

Compute from the above, (a) reorder quantity, (b) reorder level, (c) minimum level, (d) maximum level and (e) average stock level. 2×5=10

### UNIT—III

5. What do you understand by timekeeping? Explain the various methods of timekeeping. 3+7=10
6. Calculate the earnings of a worker under (a) Halsey plan and (b) Rowan plan from the following particulars : 5+5=10
- (i) Hourly rate of wages guaranteed 50 paise per hour
  - (ii) Standard time for producing one dozen articles—3 hours
  - (iii) Actual time taken by the worker to produce 20 dozen articles—48 hours

### UNIT—IV

7. Define overheads. Explain the various classifications of overheads. 3+7=10
8. Three machines *P*, *Q* and *R* which are of different natures are used in a department of a factory. From the following information, compute machine hour rate of machine *R* : 10
- (i) Total cost of machines *P*, *Q* and *R* is ₹ 50,000 out of which cost of machine *R* is ₹ 10,000. Its estimated scrap value and working life are ₹ 1,000 and 18000 hours respectively
  - (ii) Rent (total area 1000 sq. ft. and machine occupies 250 sq. ft.)—₹ 780 p.a.
  - (iii) Lighting (total light points 12, out of which 2 points used for machine *R*)—₹ 288 p.a.
  - (iv) Insurance for all machines—₹ 45 per quarter
  - (v) Consumable stores for machine *R*—₹ 60 p.m.
  - (vi) Salary of supervision (supervisor devotes 1/4th of his time for machine *R*)—₹ 6,000 p.a.
  - (vii) Repairs and maintenance for the entire life of machine *R*—₹ 1,800

- (viii) Machine *R* consumes 5 units of power per hour at a cost ₹ 16 per 100 units
- (ix) Machine *R* will work 2000 hours p.a. out of which normal idle time estimated at 8% of total working hours and time for routine maintenance estimated at 40 hours p.a.

#### UNIT—V

9. Define job costing. Distinguish between job costing and contract costing.

3+7=10

10. The product of a manufacturing concern passes through two processes *A* and *B*, and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrapped which realizes ₹ 80 per ton and ₹ 200 per ton from processes *A* and *B* respectively.

The following are the figures relating to both the processes :

	<i>Process A</i>	<i>Process B</i>
Basic materials	1000 tons	70 tons
Cost of materials per ton	₹ 125	₹ 200
Wages	₹ 28,000	₹ 10,000
Manufacturing expenses	₹ 8,000	₹ 5,250
Output	830 tons	780 tons

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

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