

POST-GRADUATE COURSE
Term End Examination :
December, 2014 / June, 2015
COMMERCE

Paper-IX : Cost Accounting

Time : 2 Hours

Full Marks : 50

(Weightage of Marks : 80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Group – A

Answer any two questions : $12\frac{1}{2} \times 2 = 25$

1. a) What is meant by the term 'cost accounting' ?
b) State the differences between cost accounting and financial accounting.

$4 + 8\frac{1}{2}$

2. A product of a company is being sold at Rs. 4,000. The following data about the cost of the product are as under :
Materials 50% of the cost of sales
Employee costs 30% of the cost of sales
Overhead 20% of the cost of sales
It is anticipated that the prices of all the elements of cost will be increased as under :
Materials 10%
Employee costs 5%
Overheads 30%
The only other information available is that the amount of profit will be decreased by 50% as a result of the increase in cost prices if the selling price remains unchanged.

You are required to compute the selling price that would maintain the same percentage of gross profit as at present and also to prepare a comparative statement showing the unit cost, profit and selling price at two situations. $12\frac{1}{2}$

3. In a manufacturing unit, factory overhead was recovered at a pre-determined rate of Rs. 25 per man-day. The total factory overhead expenses incurred and the man-days actually worked were 41.50 lakhs and 1.5 lakhs man-days respectively. Out of the 40,000 units produced during a period, 30,000 were sold. On analysing the reason, it was found that 60% of the unabsorbed overheads were due to defective planning and the rest were attributable to increase in overhead costs.

How would unabsorbed overheads be treated in cost accounts ? $12\frac{1}{2}$

4. Assuming non-integrated accounting system, pass journal entries in the cost book of a company for the following transactions :
(i) Opening stock of materials Rs. 60,000
(ii) Purchase of materials Rs. 6,30,000
(iii) Carriage paid on purchase
of materials Rs. 40,000
(iv) Issue of materials : Direct Rs. 4,30,000
Indirect Rs. 2,00,000
(v) Materials used for repairs Rs. 20,000
 $12\frac{1}{2}$

Group – B

Answer any *two* questions. $12\frac{1}{2} \times 2 = 25$

5. An expenditure of Rs. 1,94,000 has been incurred on a contract to the end of 31st March, 2015. The value of work certified is Rs. 2,20,000. The cost of work done but not yet certified is Rs. 6,000. It is estimated that the contract will be completed by June, 30, 2015 and an additional expenditure of Rs. 40,000 will have to be incurred to complete the contract. The total estimated expenditure on the contract is to include a provision of 2.5% for contingencies. The contract price is Rs. 2,80,000 and Rs. 2,00,000 has been realised in cash up to March 31, 2015.

Calculate the proportion of profit to be taken to the profit and loss account for the year ended March 31, 2015. $12\frac{1}{2}$

6. Write short notes of the following :

- a) Marginal costing
- b) Inter-process profit.
- c) Service costing.

$$4 + 4 + 4\frac{1}{2}$$

7. Following figures are available from the records of ABC Ltd. as on 31st March —

	2014 Rs.	2015 Rs.
Sales	4,00,000	5,00,000
Profit	80,000	1,20,000

Calculate :

- a) P/V ratio and fixed cost
- b) Break-even sales
- c) Required sales for a profit of Rs. 2,00,000
- d) Profit or loss if sales were Rs. 6,00,000.

$$3 + 3 + 3 + 3\frac{1}{2}$$

8. a) What do you mean by 'key factor' ?
- b) Under what circumstances a decision to drop a product from the product lines is necessary ? $4 + 8\frac{1}{2}$