

2022

COST AND MANAGEMENT ACCOUNTING-I — HONOURS

Paper : CC-2.1Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

[Marks : 20]

1. State the principal objectives of Cost Accounting. 5
- Or,**
- Suggest the cost units for the following industries : 5
- (a) Transport carrying passengers
 - (b) Catering service
 - (c) Steel manufacturing
 - (d) Advertisement
 - (e) Nursing Home.
2. Distinguish between Cost Accounting and Financial Accounting. 5
3. A transport company operates 10 buses between two towns, which are 20-kms apart. Seating capacity of each bus is 50 passengers. Of the buses 20% remain idle for maintenance and each bus makes 3 trips a day.
- On outward journey 80% of the seating capacity is utilised, while on return journey only 60% of the seating capacity is utilised.
- You are required to calculate the passenger-km per month assuming 25 effective days in a month. 5
4. Following particulars are available relating to a production department:
- Factory overhead incurred ₹ 60,000;
- Direct wages paid ₹ 80,000 and Labour Hours worked 4,000;
- You are required to calculate overhead recovery rates using two methods.
- Using the rates as above, calculate the Works Cost of a product for which Direct Materials used ₹ 120, Direct wages incurred ₹ 80 and Labour hours worked 5. 5

Please Turn Over

Or,

What do you mean under-absorption and over-absorption of overhead? How will you treat them in cost accounts? 2+3

Group - B**[Marks : 30]**

5. Following information is available from the books of a company :

Annual requirement of material A – 12000 units @ ₹ 6 p.u.

Every order costs ₹ 200 and inventory carrying charges for one unit of material is ₹ 1.20 p.a. on an average. Safety stock is 20 days consumption and time required to get a new supply is 15 days.

You are required to—

- (a) Find EOQ and Ordering level.
 (b) State whether the item should be purchased in lots of 6000 units at a time, if a lot discount @ 3% is allowed for that quantity.

(Assume 1 year = 300 effective days.)

5+5

Or,

The following transactions took place in respect of a raw material during the month of January, 2022 :

Date (January, 2022)	Particulars	kg	Rate per kg (₹)
1	Balance	1,000	9
6	Purchased	1,500	8
10	Issued	1,800	—
13	Shortage	100	—
19	Purchased	900	10
26	Issued	1,000	—

Prepare the Stores Ledger Account for the material using LIFO method.

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6. (a) A skilled worker is paid guaranteed wage rate of ₹ 100 per hour. The standard time allowed for the job is 20 hours. The worker has taken 16 hours to complete the job. He is paid wages under Rowan incentive scheme.

Calculate the effective hourly rate of earning under Rowan scheme.

- (b) The following information relates to workforce in a factory during the year 2021-22 :

No. of workers on April 1, 2021	2,550
No. of workers who left on their own	250
No. of workers who availed of golden handshake opportunity	150
No. of workers employed during 2021-22 including 1,000 workers employed due to the expansion	1,300

Calculate annual labour turnover ratio under different methods.

4+6

(3)

W(2nd Sm.)-Cost & Mgmt. Acct.-I-H/CC-2.1Ch/CBCS

Or,

What do you mean by idle time? What are the causes of idle time? How can idle time wage be treated in cost accounts? 3+3+4

7. (a) State the need for reconciliation of cost and financial accounts.
(b) From the following data, prepare a Reconciliation Statement to find profit as per Financial Accounts :

₹

Profit as per cost accounts	2,50,000	
Works overhead over-absorbed	20,000	
Administrative overhead under-absorbed	45,000	
Undervaluation of opening stock in Cost Accounts	15,000	
Bad Debt written off during the year	10,000	
Dividend received during the year	5,000	5+5

Group - C

[Marks : 30]

8. In a manufacturing concern, the machine shop has 6 identical machines manned by 3 operators. Each operator remains in charge of two machines at a time. The total costs of 6 machines are ₹ 72,00,000. The following information relate to the quarter ended 31.03.2022 :
- Normal available hours p.m. – 200
Absenteeism (without pay) hours p.m. – 8
Leave (with pay) hours p.m. – 8
Normal idle time p.m. – 30 hours
Average wages of each operator per day of 8 hours – ₹ 600
Production bonus – 10% of wages
Power and fuel consumption – ₹ 24,000
Electricity – ₹ 6,000
Rent of the shop – ₹ 12,000
- The following particulars are on a yearly basis :
- Repairs and Maintenance – 3% of value of machine
Insurance – ₹ 60,000
Depreciation – 10% of the original cost
Other factory expenses – ₹ 50,000
Share of administrative overhead allocated to the machine shop – ₹ 40,000
- You are required to calculate a comprehensive machine hour rate for the shop. 15

Please Turn Over

9. The product of a manufacturing concern passes through two processes A and B, and then to finished goods. From the following information prepare Process A Account, Process B Account, Normal Loss Account and Abnormal Loss/Gain Account, if any.

	Process A	Process B
Materials introduced (in tons)	1,000	70
Cost of materials per ton (₹)	125	200
Output (tons)	830	780
Normal weight loss (%)	5	5
Scrap (% of input)	10	10
Scrap value per ton (₹)	80	200
Direct wages (₹)	28,000	10,000
Manufacturing expenses (₹)	8,000	5,250
Administration and selling expenses ₹ 4,800.		

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Or,

Zing Ltd. entered into a contract to construct a building. The contract value is ₹ 6,50,000 to be realized in installment on the basis of the value of work certified by the architect subject to retention of 10%. The work commenced on 1.7.21 but it remained incomplete on 31.03.22 when the final accounts are to be prepared. The facts and figures of the contract are :

	₹
Materials charged to contract	1,70,000
Wages paid	87,000
Plant charged at the commencement	32,000
Other Machinery costing ₹ 20,000 were also used for the contract for 3 months	
All Plant & Machinery are to be depreciated @ 10% p.a.	
Cash received from the contractee	3,24,000
Sundry expenses paid for the contract (including ₹ 2,000 prepaid)	38,750
Payment to sub-contractors	8,000
Total establishment expenses (of which 25% is attributed to the contract)	41,000
Materials at site on 31.03.22	17,500
Cost of work yet to be certified	30,000
A part of the plant (cost ₹ 2,000) was damaged on 31.12.21 and the scrap realized ₹ 300 only. Plant costing ₹ 3,000 was transferred to another contract site on 31.12.21 and the balance Plant remained at the contract site.	

Prepare the Contract Account for the period ended on 31.03.2022.

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