

To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

PAPER 8 - Cost Accounting

PREVIOUS YEAR – Theory Questions

(June 23 – June 26)

Question 1.

What are the various Advantages of Cost Accounting Standard?

(June 23)

OR

Mr. X, the Chairman of ABC Ltd. wants to know the advantages of adopting Cost Accounting Standards (CAS) in his company. You are required to prepare a list of advantages of adopting CAS for submitting to Mr. X.

(June 24)

Answer 1

Advantages of Cost Accounting Standards:

- Providing a structured approach to measurement of cost in manufacturing process or service Industry.
- Integrating, harmonizing, and standardizing cost accounting principles and practices.
- Providing guidance to users to achieve uniformity and consistency in classification, measurement, assignment, and allocation of costs to products and services.
- Arriving at the basis of computing the cost of products, activity, or service where required by legal or regulatory bodies.
- Enabling practicing members to make use of Cost Accounting Standards in the attestation of General Purpose Cost Statements.
- Assisting in clear and uniform understanding of all the related issues by various user organisations, government bodies, regulators, research agencies, and academic institutions.

Question 2.

How do determine the Installed Capacity and Normal Capacity of Production Department.

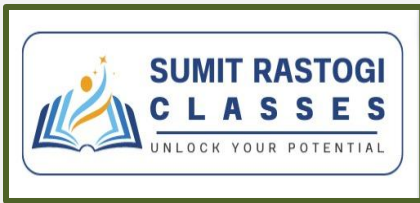
(June 23)

Answer 2

Determination of Installed Capacity:

Installed capacity is usually determined based on –

- Technical specifications of facility
- Technical evaluation
- Capacities of individual or interrelated production or operation centres
- Constraints or capacity of critical machines or equipment
- Number of shifts or machine hours or man hours.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Determination of Normal Capacity:

Normal capacity is determined after suitable adjustments to the Installed Capacity. The adjustments May be of the following nature –

- a) Time lost due to scheduled preventive or planned maintenance
- b) Number of shifts or machine hours or man hours
- c) Holidays, normal shut down days, normal idle time
- d) Normal time lost in batch change over.

Question 3.

Distinguish between scrap and spoilage.

(June 23)

Answer 3

Distinction between Scrap and Spoilage: The distinction between scrap and spoilage is that while normal scrap arises mostly as a result of the processing of materials, spoilage occurs due to some defect in operations or materials which may or may not be inherent in the manufacturing process or operation. Further, scrap has always a relatively low but some definite value, but the value of spoilage may range from low, if it is a waste, to comparatively high values if the spoilage is to be sold as seconds. Spoilage involves not only the loss of material but also labour and manufacturing overheads.

Question 4.

Objectives and Functions of Cost Accounting Standards Board (CASB).

(Dec. 23, June 24)

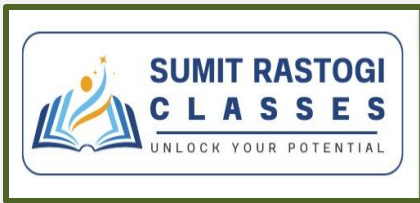
Answer 4

Objectives and Functions of CASB:

The objectives of the CASB are to develop high quality Cost Accounting Standards to enable the management to take informed decisions and to enable regulators to function more effectively by integrating harmonizing and standardizing Cost Accounting Principles and Practices.

The following are the functions of the CASB:

- (a) To issue the framework for the Cost Accounting Standards.
- (b) To equip the Cost and Management Accounting professionals with better guidelines on Cost Accounting Principles.
- (c) To assist the members in preparation of uniform cost statements under various statutes.
- (d) To provide from time-to-time interpretations on Cost Accounting Standards.
- (e) To issue application guidance relating to particular standard.
- (f) To propagate the Cost Accounting Standards and to persuade the users to adopt them in the preparation and presentation of general purpose cost statements.
- (g) To persuade the Government and appropriate authorities to enforce Cost Accounting Standards, to facilitate the adoption thereof, by industry and corporate entities in order to achieve the desired objectives of standardization of Cost Accounting Practices.
- (h) To educate the users about the utility and need for compliance of Cost Accounting Standards.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 5.

Scope of CAS — 4 on Cost of Production for Captive Consumption.

(Dec. 23)

Answer 5

Scope of CAS – 4:

This statement on Cost of Production for Captive Consumption should be applied to cost statements which require classification, measurement, assignment, presentation and disclosure of related cost for determination of the following under the relevant provisions of GST Act/Rules:

- Determination of cost of production of goods,
- Determination of cost of acquisition of goods,
- Determination of cost of supply of goods,
- Determination of cost of provision/supply of services, and
- Determination of value of supply of goods or services as per open market value or as per goods or services of like kind and quality.

Question 6.

What is a Responsibility Centre? What are different types of Responsibility Centres?

(Dec. 23)

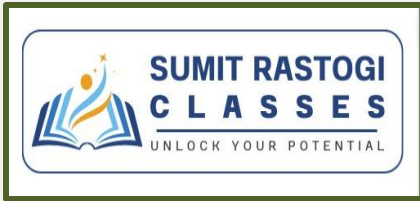
Answer 6

Responsibility Centre:

CIMA official terminology defines responsibility centre as departmental or organisational function whose performance is the direct responsibility of a specific manager. Responsibility centre refers to a particular segment or unit of an organisation for which a particular manager, employee, or department is held responsible and accountable for its business goals and objectives. It refers to the part of company where a manager has authority and responsibility. A responsibility centre is a functional entity within a business that tends to have its own goals and objectives, policies and procedures, thereby giving managers specific responsibility for revenues, expenses incurred, funds invested, etc.

Types of Responsibility Centres:

- (i) Cost Centre** – Under this center, the manager is held responsible only for the costs, including a production department, maintenance department, human resource department, etc.
- (ii) Profit Centre** – Under this center, the manager is responsible for all costs and revenues. Here, the manager would have all the responsibility to make decisions that would affect both the revenue and costs.
- (iii) Revenue Centre** – This segment is primarily responsible for attaining sales revenue. The performance of this center is evaluated by comparing the actual revenue attained with the budgeted revenue.
- (iv) Investment Centre** – Apart from looking into the profits, this center looks into returns on the funds invested in the group's operations. Thus, investment center is also a profit center with additional responsibilities for capital investment and possibly for financing, and whose performance is measured by its return on investment.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 7.

What is Bill of Materials? What are basic purposes of preparing a Bill of Materials?

(Dec. 23)

Answer 7

Bill of Material:

Bill of Material is a complete schedule of parts and materials required for a particular order prepared by the drawing office and issued together with necessary blue prints of drawings. For standard products, printed copies of material bill are kept with blank spaces for any special details of modification to be filled in for a particular job/order. The schedule details everything, even to bolts and nuts, sizes and weights.

Purpose of Bill of Material:

- (i) It provides a quantitative estimate of budget of material required for a given job, process or operation which might be used for control purposes.
- (ii) It substitutes material requirements and expedite issue of materials.
- (iii) The store keeper can draw up a program of material purchases and issue for a given period.
- (iv) It provides the basis for charging material cost to the respective job/process.

Question 8.

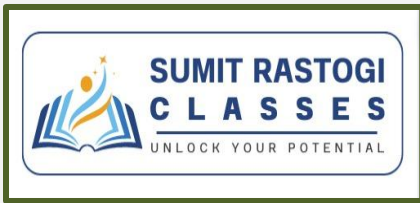
What is Overtime Wages as per CAS — 7? How do you treat overtime wages in Cost Accounts as per CAS-7?

(Dec. 23)

Answer 8

Overtime Wages / Overtime Premium:

1. When overtime is worked due to exigencies or urgencies of the work, the basic/normal payment is treated as Direct Labour Cost and charged to production or cost unit on which the worker is employed. Whereas the amount of premium (extra amount) is treated as overhead.
2. When overtime is spent at the request of the customer, the entire amount (including overtime premium) is treated as direct wages and is charged to the job.
3. When overtime is worked due to lack of capacity as general policy of the company, then the total amount paid is treated as direct wages which is computed at the estimated rate based on the figures of the previous years.
4. Overtime worked on account of the abnormal conditions such as flood, earthquake, etc., should not be charged to cost, but to Costing Profit and Loss Account if integrated accounts are maintained.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 9.

Explain the objectives of Cost Accounting.

(Dec. 24)

Answer 9

Objective of Cost Accounting: The following are the main objective of Cost Accounting: -

1. To ascertain the Costs under the different situation using different techniques and systems of costing
2. To determine the selling prices under different circumstances.
3. To determine and control efficiency by setting standards for Materials, Labour and Overheads
4. To determine the value of closing inventory for preparing financial statements of the concern
5. To provide a basis for operating policies which may be determination of Cost Volume relationship, whether to close or operate at a loss, whether to manufacture or buy from market, whether to continue the existing method of production or to replace it by a more improve method of production.....etc.

Question 10.

What are Direct Expenses as defined in CAS-10? Also discuss the general principles of measurement of direct expenses as per CAS-10.

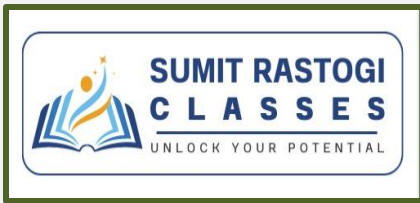
(June 25, June 26)

Answer 10

Direct Expenses: As per CAS–10, Direct Expenses are the 'Expenses relating to manufacture of a product or rendering a service, which can be identified or linked with the cost object other than direct material cost and direct employee cost.

Principle of measurement of direct expenses as per CAS-10:

1. Identification of Direct Expenses shall be based on traceability in an economically feasible manner.
2. (i) Direct expenses incurred for the use of bought out resources shall be determined at invoice or agreed price including duties and taxes, and other expenditure directly attributable thereto net of trade discounts, rebates, taxes and duties refundable or to be credited.
(ii) Direct expenses other than those referred to in paragraph 5.2.1 shall be determined on the basis of amount incurred in connection therewith.
(iii) Direct Expenses paid or incurred in lump-sum or which are in the nature of 'one – time' payment, shall be amortised on the basis of the estimated output or benefit to be derived from such direct expenses.
3. If an item of Direct Expenses does not meet the test of materiality, it can be treated as part of overheads.
4. Finance costs incurred in connection with the self-generated or procured resources shall not form part of Direct Expenses.
5. Direct Expenses shall not include imputed costs. In case of goods produced for captive consumption, treatment of imputed cost shall be in accordance with Cost Accounting Standard – 4 (CAS-4).



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

6. Where direct expenses are accounted at standard cost, variances due to normal reasons shall be treated as part of the Direct Expenses. Variances due to abnormal reasons shall not form part of the Direct Expenses.
7. Any Subsidy/Grant/ Incentive or any such payment received/receivable with respect to any Direct Expenses shall be reduced for ascertainment of the cost of the cost object to which such amounts are related.
8. Any abnormal portion of the direct expenses where it is material and quantifiable shall not form part of the Direct Expenses.
9. Penalties, damages paid to statutory authorities or other third parties shall not form part of the Direct Expenses.
10. Credits/ recoveries relating to the Direct Expenses, material and quantifiable, shall be deducted to arrive at the net Direct Expenses.
11. Any change in the cost accounting principles applied for the measurement of the Direct Expenses should be made only if, it is required by law or for compliance with the requirements of a cost accounting standard, or a change would result in a more appropriate preparation or presentation of cost statements of an organisation.

Question 11.

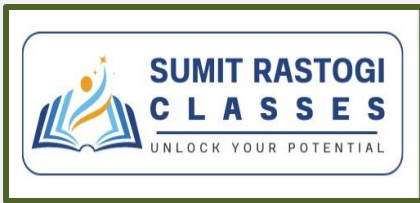
State the essentials of a Cost Accounting System.

(June 24, June 25)

Answer 11

Essentials of a Good Cost Accounting System:

- (i) Cost accounting system should be tailor made, practical, simple and capable of meeting the requirement of a business concern.
- (ii) The data to be used by the cost accounting system should be accurate, otherwise it may distort the output of the system.
- (iii) Necessary co-operation and participation of executives from various departments of the concern is essential for developing a good system of cost accounting.
- (iv) The cost of installing and operating the system should not be too high and ultimately pass the cost-benefit analysis test.
- (v) The system of costing should not sacrifice the utility by introducing meticulous and unnecessary details.
- (vi) A carefully phased programme should be prepared by using network analysis for the introduction of the system.
- (vii) Management should have a faith in the costing system and should also provide a helping hand for its development and success.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 12.

Discuss the advantages of ABC analysis.

(June 24)

OR

What is ABC Analysis? State the main advantages (any three) of ABC Analysis. (June 25)

Answer 12

Meaning of ABC Analysis:

ABC Analysis, also known as Pareto Analysis, is a technique used in inventory management to categorize items based on their significance.

ABC analysis is named after the Pareto Principle, which states that roughly 80% of the effects come from 20% of the causes. In the context of inventory management, it means that a small percentage of items often contribute to a significant portion of the total value.

Under ABC analysis, the materials stocked may be classified into a number of categories according to their importance, i.e., their value and frequency of replenishment during a period. The first category (also known as group 'A' items) may consist of only a small percentage of total items handled but combined value may be a large portion of the total stock value. The second category, naming it as group 'B' items, may be relatively less important. In the third category, consisting of group 'C' items, all the remaining items of stock may be included which are quite large in number but their value is not high.

Advantages of ABC Analysis:

The advantages of ABC analysis are as follows:

- (i) Closer and stricter control of those items which represent a major portion of total stock value is maintained.
- (ii) Investment in inventory can be regulated and funds can be utilized in the best possible manner. A' class items are ordered as and when need arises, so that the working capital can be utilized in a best possible way.
- (iii) With greater control over the inventories, savings in material cost can be realised.
- (iv) It helps in maintaining enough safety stock for C' category items.
- (v) Scientific and selective control helps in the maintenance of high stock turnover ratio.

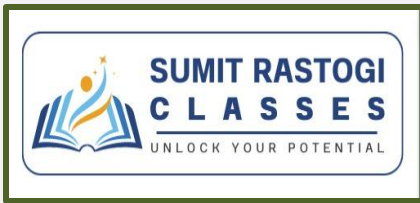
Question 13.

Explain Idle Time as per CAS-7. Also discuss the treatment of idle time in Cost Accounts as per CAS-7. (June 24)

Answer 13

Idle Time as Per CAS-7:

Idle Time cost represents the wages paid for the time lost during which the worker does not work, i.e., time for which wages are paid but no work is done. As per CAS-7, idle time is defined as — the difference between the time for which the employees are paid/payable and the employees time booked against the cost object. Idle time happens because due to various causes, for which he is not responsible, the worker remains idle but full wages is paid to him. Even for workers who are paid on the basis of output, idle time payment may be required to be made.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Treatment of Idle Time in Cost Accounts:

As per CAS-7, Idle time cost shall be assigned directly to the cost object or treated as overheads depending on the economic feasibility and specific circumstances causing such idle time. Treatment of different categories of idle time is as follows:

- (i) **Unavoidable idle time** – This is allowed to remain merged in the production order or standing order number on which the worker was otherwise employed.
- (ii) **Normal idle time** – It is booked to factory or works overhead. For the purpose of effective control, each type of idle time, i.e., idle time classified according to the causes is allocated to a separate standing order number.
- (iii) **Abnormal idle time** – It would usually be heavy in amount, involves longer periods and would mostly be beyond the control of the management. Payment for such idle time is not included in cost and is adjusted through costing profit and loss account or included in profit and loss account, when the accounts are integrated.

Question 14.

Summarize the objectives and scope of Cost Accounting Standard (CAS) - 5 on determination of Average (Equalized) Cost of Transportation. (Dec. 24)

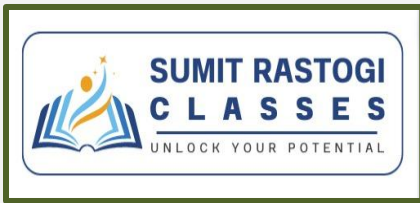
Answer 14

The Object and Scope of CAS – 5 are stated below: Objective:

- (a) To bring uniformity in the application of principles and methods used in the determination of averaged / equalized Transportation Cost.
- (b) To prescribe the system to be followed for maintenance of records for collection of cost of transportation, its allocation/apportionment to cost centres, locations or products.
- (c) To provide transparency in the determination of cost of transportation.

Scope: This standard should be applied for calculation of cost of transportation required under any statute or regulations or for any other purpose. For example, this standard can be used for:

- (a) Determination of average transportation cost for claiming the deduction for arriving at the assessable value of goods and services.
- (b) Insurance claim valuation.
- (c) Working out claim for freight subsidy under Fertilizer Industry Coordination Committee.
- (d) Administered price mechanism of freight cost element.
- (e) Determination of inward freight costs included or to be included in the cost of purchases attributable to the acquisition.
- (f) Computation of freight included in the value of inventory for accounting on inventory or valuation of stock hypothecated with Banks / Financial Institution ...etc.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 15.

JUST — in TIME (JIT) inventory system focuses on “the right material at the right time, at the right place and in the exact amount” without the safety net of inventory. In this context, enumerate the advantages of Just — in — Time (JIT). (Dec. 24)

Answer 15

Advantages of Just-in-Time (JIT): The advantages of Just-in-Time system are as follows:

- (a) Increased emphasis on supplier relationships. A company without inventory does not want a supply system problem that creates a part shortage. This makes supplier relationships extremely important.
- (b) Supplies come in at regular intervals throughout the production day. Supply is synchronized with production demand and the optimal amount of inventory is on hand at any time. When parts move directly from the truck to the point of assembly, the need for storage facilities is reduced.
- (c) Reduces the working capital requirements, as very little inventory is maintained.
- (d) Minimizes storage space.
- (e) Reduces the chance of inventory obsolescence or damage.

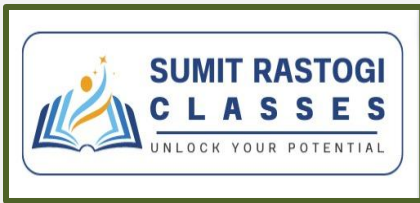
Question 16.

Enumerate the disclosures of CAS — 3 on production and operation overheads (Any five). (Dec. 24)

Answer 16

Disclosures of CAS – 3 on Production and Operation Overheads: The cost statements shall disclose the following:

- (a) The basis of assignment of Production or Operation Overheads to the cost objects.
- (b) Production or Operation Overheads incurred in foreign exchange.
- (c) Production or Operation Overheads relating to resources received from or supplied to related parties.
- (d) Any Subsidy, Grant, Incentive or any amount of similar nature received or receivable reduced from Production or Operation Overheads.
- (e) Credits or recoveries relating to the Production or Operation Overheads.
- (f) Any abnormal cost not forming part of the Production or Operation Overheads.
- (g) Any unabsorbed Production or Operation Overheads.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 17.

State the objectives and scope of Cost Accounting Standard-8 (CAS-8) on 'Cost of Utilities'.
(June 25)

Answer 17

Objectives of CAS-8:

The objective of this Standard (CAS-8) is to bring uniformity and consistency in the principles and methods of determining the cost of utilities with reasonable accuracy.

Scope of CAS-8:

CAS-8 is applied to cost statements which require classification, measurement, assignment, presentation and disclosure of cost of utilities including those requiring attestation. For determining the cost of production to arrive at an assessable value of excisable utilities used for captive consumption, CAS-4 on Cost of Production for captive Consumption shall apply. This standard shall not be applicable to the organisations primarily engaged in generation and sale of utilities. This standard does not cover issues related to the ascertainment and treatment of carbon credits, which shall be dealt with in a separate standard.

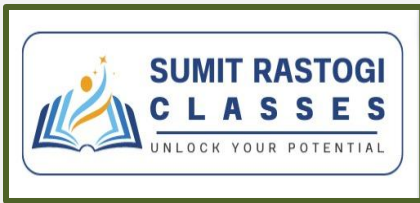
Question 18.

Discuss the factors which influence installation of Costing System.
(Dec. 25)

Answer 18

Before the installation of costing system, the following factors are to be considered any four of the following points:

1. **Size of the firm** – Size of the firm is an extremely important factor in designing a cost accounting system. As the size of the firm and its business grows, the volume and complexity of the cost data also grows. In such situation, the cost accounting system should be capable of supplying such information.
2. **Manufacturing Process** – Process of manufacturer changes from industry to industry. In some industries, there may be a continuous process of production while in some, batch or job type of production may be in operation. A cost accounting system should be such that the manufacturing process is taken into consideration and cost data is collected accordingly.
3. **Nature and Number of Products** – If a single product is produced, all costs like material, labour and indirect expenses can be directly allocated to that product. But if more than one product is manufactured, the question of allocation and apportionment as well as absorption of indirect expenses (Overheads) arises and hence the cost accounting system should be designed accordingly as more complex data will be required.
4. **Management Control Needs** – The designing of a cost accounting system in a business organization is guided by the management control requirements. The costing system should supply data to persons at different levels in the organization to take suitable action in their respective areas.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

5. **Raw Materials** – The designing of a cost accounting system in a business is also guided by the raw materials required for the production. The nature of raw materials and the degree of waste therein influence the designing of costing system. There are some materials which have a high degree of spoilage. The costing system should be such that identification of spoilage, keeping records of materials, pricing of the issues etc. are taken into consideration.
6. **Organization Structure** – The structure of the organization also plays a vital role in designing a costing system. The system should correspond to the hierarchy of the organization.
7. **External Factors** – External factors are also important in designing of a costing system. For example. Cost Accounting Record Rules have been mandatory for certain types of industries. For the sake of compliance of the same, costing system should be designed.

Question 19.

Give the meaning of Idle Time. Examine the reasons for Idle Time.

(Dec. 25)

Answer 19

Meaning of Idle Time:

Idle time refers to the period during which employees or machinery are not actively engaged in productive work but are still being paid. It represents unproductive time that does not contribute to the completion of tasks or the overall output of an organization. Idle time refers to the period of time when an asset, such as a machine or an employee, is available for use but remains unproductive.

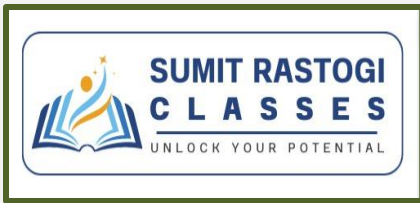
E.g.: Idle time due to power failure, machine break down etc. Idle time cannot be booked for any particular job or process.

Reasons or Causes of Idle Time:

The reasons/causes of idle time are as follows:

1. Production causes:

- (i) Machine breakdown
- (ii) Power failure
- (iii) Waiting for work
- (iv) Waiting for tools
- (v) Waiting for materials
- (vi) Waiting for instructions



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

2. Administrative causes:

- (i) Poor planning
- (ii) Inadequate guidance
- (iii) Lack of supervision
- (iv) Unusual tea break
- (v) Distance between factory gate and place of work
- (vi) Interval between one job and another

3. Economic causes:

- (i) Poor demand for products
- (ii) Strikes or lockouts
- (iii) Underutilization of production capacity
- (iv) Closure in seasonal industries
- (v) Surplus manpower

Question 20.

Examine the different methods of costing.

(Dec. 25)

Answer 20

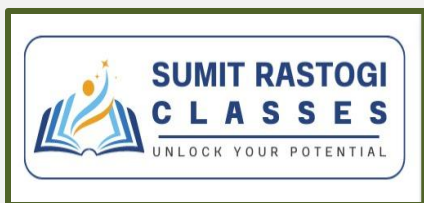
Different methods of costing are as follows:

1. Specific Order Costing

- (i) **Job Costing:** Costs are accumulated for specific, customized jobs or work orders (e.g., printing press, repair shops).
- (ii) **Batch Costing:** A type of job costing applied to a batch of similar products treated as a single unit (e.g., pharmaceutical, bakery).
- (iii) **Contract Costing:** Applied to large, long-term, specific projects (e.g., construction of bridges, buildings).

2. Process Costing: Used for continuous mass production of identical products where costs are averaged over units produced (e.g., chemical, oil, food manufacturing).

3. Operating Costing: Used by service organizations to calculate the cost per unit of service, such as transport, hospitals, or hotels.



To Buy classes visit our website
sumitrastogiclasses.com
 and for further queries contact us on
8826965733, 9810226733

Question 21.

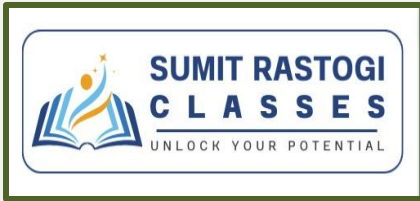
Differentiate Financial Accounting from Management Accounting.

(June 26)

Answer 21

The differences between Financial Accounting and Management Accounting are as follows:

Basis for Comparison	Financial Accounting	Management Accounting
Purpose	Financial Accounting classifies, analyses, records, and summarizes the financial transactions of a particular period of the company.	Management accounting helps management make effective decisions about the business.
Application	Financial accounting is prepared to reflect true and fair picture of financial affairs.	Management accounting helps management to take meaningful steps and strategize.
Scope	The scope is pervasive, but not as much as the management accounting	The scope is much broader.
Information type	Quantitative.	Quantitative and qualitative.
Inter dependence	It is not dependent on management accounting.	Management accounting is basically decision-making accounting and depends on information created by Financial Accounting as well as Cost Accounting.
Statutory requirement	It is legally mandatory to prepare financial accounts of all companies, (for example, in the Indian Context Companies Act 2013, relevant rules of accounting standards furnish the statutory requirements)	Management accounting has no statutory requirement.
Format	Financial accounting has specific formats for presenting and recording information.	There's no set format for presenting information in management accounting.
Users	Mainly for potential investors as well as stakeholders	Only for management
Verifiable	The information presented is verifiable.	The information presented is predictive and not immediately verifiable.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 22.

Examine the basic qualities involved in a good purchasing procedure.

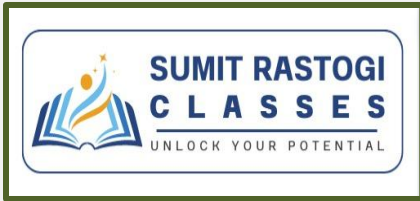
(June 26)

Answer 22

A good purchasing procedure ensures your organization acquires the right goods and services at the best possible value. It minimizes costs, prevents maverick spending, and mitigates supply chain risks.

Key qualities of an effective purchasing procedure include:

1. Right Quality
 2. Right Time
 3. Right Quantity
 4. Right Price
 5. Right Source
- i. **Transparency and Standardization:** Standardized workflows (like using pre-approved requisition forms and purchase orders) ensure every transaction is traceable, fair, and easily auditable.
 - ii. **Clear Authorization:** A well-defined approval matrix ensures purchases are vetted and signed off by the appropriate management levels based on budget thresholds.
 - iii. **Centralized Control:** Consolidating purchasing through a dedicated procurement team or system prevents duplicate orders and leverages volume discounts.
 - iv. **Supplier Management:** Establishing strong, vetted relationships with reliable vendors ensures consistent quality, favourable payment terms, and dependable delivery schedules.
 - v. **Cost-Effectiveness:** The process should inherently involve competitive bidding, price negotiation, and total cost of ownership (TCO) evaluation rather than just looking at the initial sticker price.
 - vi. **Digital Integration:** Utilizing automated e-procurement systems speeds up cycle times, eliminates paperwork errors, and provides real-time visibility into spending and inventory.
 - vii. **Compliance and Ethics:** Strict adherence to legal regulations, organizational policies, and anti-corruption guidelines protects the company's reputation and financial integrity.
 - viii. **Continuous Evaluation:** Regularly tracking supplier performance metrics (e.g., on-time delivery, defect rates) and auditing the procurement process itself allows for ongoing optimization.



To Buy classes visit our website
sumitrastogiclasses.com
and for further queries contact us on
8826965733, 9810226733

Question 23.

Enumerate what are the features of Job costing.

(June 26)

Answer 23

The features of Job Costing are enumerated as follows:

- i. Each job maintains its separate identity throughout the production stage.
- ii. The job is meant for a specific customer and not meant for a mass market.
- iii. Production pattern is not repetitive and continuous.
- iv. Production begins only after getting order from the customer
- v. Each job is executed as per the requirement of the customer. Each job order is considered as a separate cost unit.
- vi. Duration of production cycle is usually short but a large order may extend beyond one year
- vii. A Job Cost Sheet is prepared and Job Register is maintained to record particulars of the job like price, date of commencement, special requirement etc. Profit or Loss is calculated on the completion of the job.