

Program/Sem: T.Y.B.Com- Sem - V Course: Financial Accounting and Auditing – VIII
(Cost Accounting)

Program Code: UGCOM01 Course Code: 23107

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Duration: 3 Hours

Max. 100
Marks:

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.

Q.1 Attempt the following.

A. Select the most appropriate option & rewrite the full sentence. (attempt any ten) [10]

- i). _____ is the portion of total cost which cannot be identified and direct to the production.
(a) Indirect Cost (b) Direct Cost
(c) Fixed Cost (d) Variable Cost
- ii). Gold in jewelry is the example of _____.
(a) Basic Raw Material (b) Raw Material
(c) Semi-finished Goods (d) Finished Goods
- iii). The method which doesn't differentiate between efficient and inefficient workers is _____.
(a) Time Rate (b) Piece Rate
(c) Rowan Plan (d) Halsey Plan
- iv). Salary of Works Manager is a _____.
(a) Factory Overheads (b) Office Overheads
(c) Selling Overheads (d) Prime Cost
- v). The difference between attendance time and job time is _____.
(a) Idle time (b) Overtime
(c) Standard time (d) Actual time
- vi). Under the Time Rate System, the wages are equal to _____.
(a) Labour hours x Labour hour rate (b) Piece completed x Piece rate

- (c) Actual output x Actual productive hours (d) None of these
- vii). Holiday pay is apportioned on the basis of _____.
- (a) Direct wages (b) No. of workers
- (c) No. of workers and direct wages (d) None of these
- viii). Interest on Bank Deposit is _____.
- (a) Credited in Financial Profit and Loss A/c (b) Credited in Costing Profit and Loss A/c
- (c) Debited in Financial Profit and Loss A/c (d) Debited in Costing Profit and Loss A/c
- ix). _____ is not included in the administrative cost.
- (a) Salaries of foremen (b) Telephone charge
- (c) Office expenses (d) Salaries of office staff
- x). In Reconciliation statement, Closing stock over-valued in Financial Account is _____.
- (a) Added to Costing profit (b) Deducted from Financial loss
- (c) Added to Financial profit (d) Deducted from Costing profit
- xi). Production manager is an example of _____.
- (a) Personal cost centre (b) Production cost centre
- (c) Impersonal cost centre (d) Service cost centre
- xii). Order should be placed with the supplier when the inventory touches _____.
- (a) Maximum level (b) Minimum Level
- (c) Danger level (d) Re – order level

B. State whether the following statements are True or False. (attempt any ten)

[10]

- i). Goods received note is prepared by the storekeeper.
- ii). Drawing office salaries is an item of factory overheads.
- iii). Power failure is an abnormal idle time.
- iv). The FIFO method is usually suitable in the case of perishable material.
- v). Interest on capital is the imputed cost.
- vi). Under the weighted average method, a new issue price is determined after each purchase.

- xii). Cost accounting is used only in manufacturing industry
- xiii). Earning under Halsey and Rowan plan are same
- ix). Under perpetual inventory control, stock is verified periodically.
- x). Over absorption of overheads increases costing profits.
- xi). Transfer to general reserve is an item of Cost Accounts
- xii). Loss on sale of fixed assets is included in cost for calculating profit

Q. 2 **Attempt either A or B** **[20]**

- A.** Following particulars have been extracted for the year ended 31st March, 2015 from the books of M/s. Ashwin Manufacturing Co. Ltd. **[20]**

Particulars	₹
Purchase of Raw Materials	4,95,000
Direct Wages	3,18,000
Office Salaries	94,500
Carriage Inwards	3,000
Carriage Outwards	2,80,120
Sales	16,00,000
Opening Stock	
- Raw Materials	1,80,000
- Finished Goods (6,000 Units)	44,910
- Work-in-Progress	66,000
Travelling Expenses	11,920
Interest on Capital	30,000
Advertising	29,800
Power	10,500
Income Tax	95,000
Agent's Commission	46,190
Plant Maintenance	37,500
Rent and Lighting (9/10th for Factory)	1,05,000

Rent Received	3,000
Rent of Warehouse	5,960
Sundry Expenses	
- Factory	13,500
- Office	25,500
Building Repairs (1/10th for Office)	1,05,000
Manager's Salary (for Factory 12,000)	22,500
Depreciation on	
- Plant	19,500
- Factory Building	7,500
- Office Building	9,000
Sale of Scrap	4,500

Closing Stock of Raw Materials ₹1,95,000 and Work-in-Progress ₹78,000.

During the year 1,50,000 units were produced out of which 7,000 units remained unsold.

Prepare a Cost Sheet and show the total and per unit cost and total profit and per unit profit earned.

OR

- B. KT manufacturing company gives you the following particulars for the year 2014. [20]**
Production and Sales during the year was 10,000 units.

Particulars	₹
Materials	2,50,000
Direct Wages	1,50,000
Administrative overhead (fixed)	1,00,000
Sales	12,00,000
Profit	2,50,000
Factory Overheads :-	
- Fixed	1,00,000
- Variable	2,00,000
Selling and Distribution Overheads :-	
- Fixed	60,000
- Variable	90,000

The company has worked to its maximum capacity of 10,000 units during 2014.

The management has decided to increase production capacity to 15,000 units for the year 2015 and it is estimated that:

- (i) There will be an all round rise in all variable expenditure by 10%.
 (ii) There will be an increase of 20% in all fixed overheads.
 (iii) There will be no need to change the selling price for the year 2015.

Prepare a statement showing total as well as unit cost and profit for 2014. Also prepare a statement showing estimated profit for 2015 taking into consideration the changes in 2015.

Q. 3 Attempt either (A and B) or (C). [20]

A. The following is a summary of the receipts and issue of materials in a factory during the month of January. [10]

Date	Particulars
January 1	Opening balance 500 units @ ₹25.00 per unit
3	Issue 70 units
4	Issue 100 units
8	Issue 80 units
13	Received from supplier 200 units @ ₹24.00 per unit
14	Returned to store 15 units @ ₹24.00 per unit
16	Issue 180 units
20	Received 240 units @ ₹24.75 per unit
24	Issue 304 units
25	Received 320 units @ ₹24 per unit
26	Issue 112 units
27	Returned to store 12 units @ ₹24.50 per unit
28	Received 100 units @ ₹25 per unit.

Work out on the basis of First-in-First-out. On the 15th there was a shortage of five units. Again it was found a shortage of 8 units on 27th January.

B. X Ltd. manufactures a special product 'ZED' and provides the following information: [10]
 Demand of ZED is 1,000 units per month.
 Semi-annual carrying cost - 6%
 Raw-material required per unit of finished product - 2 kg
 Ordering cost per order - ₹90
 Purchase price of input unit ₹25 per kg
Required: Calculate (a) Economic order quantity and (b) Total Annual Carrying and Ordering Cost at that quantity.

OR

- C. The Modern Company has four departments A, B and C are the production departments and D is a servicing department. The actual costs for a period are as follows: [20]

Particulars	₹('000)
Indirect Materials	
Production Department:	
- A	950
- B	1,200
- C	200
Servicing Department:	
- D	1,500
Indirect Wages	
Production Department:	
- A	900
- B	1,100
- C	300
Servicing Department:	
- D	1,000
Rent	2,000
Repair	1,200
Depreciation	900
Light	200
Supervision	3,000
Insurance	1,000
Employee's Insurance (Employer's Liability)	300
Power	1,800

The following data are also available in respect of four departments:

Particulars	Departments			
	A ₹	B ₹	C ₹	D ₹
Area (sq.ft)	150	110	90	50
No. of workers (nos.)	24	16	12	8
Direct wages ('000)	8,000	6,000	4,000	2,000
Value of plant ('000)	24,000	18,000	12,000	6,000

Value of stock ('000)	15,000	9,000	6,000	-
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Apportion the above costs to the various departments on the most equitable method.

Notes:

- Insurance has been taken for stock
- Power expenses are to be apportioned on the basis of the value of the plant.

Q. 4 Attempt either (A and B) or (C). [20]

- A. A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is ₹81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be the earnings per hour of that worker under Halsey (50% sharing) and Rowan bonus schemes? [10]

- B. Mr. Rakesh, an employee of the company gets the following emoluments and benefits: [10]

Basic Wages	₹35,000 per month
Dearness Allowance	100% of basic
Employer's contribution to Provident Fund	10% of basic
Employer's contribution to E.S.I.	4% of basic
Bonus	15% of basic
Other Allowances	₹42,500 p.a.

He works for 3,000 hours per annum, out of which 600 hours are normal idle time. Mr. Rakesh worked 30 effective hours on a job 'A' where the cost of direct material is ₹50,000 and overheads are 60% of combined cost of material and labour. The sale value of the job is quoted to earn profit 25% on cost. You are required to find out the effective hourly cost of Mr. Rakesh and the expected sales value of job "A."

OR

- C. The following data is available from the financial accounts of a firm for the year ending 31st December, 2015. [20]

Particulars	₹
Material consumed	5,20,000
Direct Wages	2,40,000
Factory Expenses	3,60,000
Administration Expenses	5,00,000
Selling and Distribution Expenses	9,60,000
Bad Debts written off	40,000
Loss on sale of investments	30,000
Interest and Dividend received	1,20,000

Sales (1,20,000 units)	19,20,000
Closing stock (40,000 units)	4,00,000
Work in progress 31-12-2013	1,60,000

The following information was revealed by the cost accounts:

1. Direct material consumption was ₹5,70,000.
2. Factory overheads were taken at 20% on Prime Cost.
3. Administration expenses have been taken at ₹4 per unit of production.
4. Selling and Distribution expenses were taken at ₹6.50 per unit sold.

Prepare:

(a) Statement of Cost and Profit.

(b) Financial Profit and Loss A/c

(c) Statement reconciling the difference in profit/loss as per cost records and as per financial accounts.

Q. 5 Attempt either (A and B) or (C). [20]

A. What are the objectives of cost accounting? [10]

B. What is meant by Labour Turnover. Explain its causes [10]

OR

C. Write a short note: (attempt any four) [20]

- a. Advantages of material consumed
- b. Gantt Task Bonus
- c. Purpose of Reconciliation
- d. Administrative Overheads
- e. Time Keeping
- f. Function of cost accounting

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