Q.P. Code: 00006413

[Time:2.30 Hrs] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All question are compulsory.
2. Figures to the right indicate full marks.
3. Working note should form part of main answer
4. Use of simple calculators is allowed

Q. 1. A. Multiple Choice Question: **08**

i. What is the primary objective of cost accounting?
a. Maximizing revenue b. Minimizing costs
c. Preparing tax returns d. Assisting management in decision-making

ii. Cost accounting primarily helps in:
a. Profit distribution b. Cost control and cost reduction
c. Tax assessment d. Dividend declaration

iii. Which of the following is NOT a function of cost accounting?
a. Product costing b. Budgeting
c. Financial statement preparation d. Performance evaluation

iv. Fixed costs are:
a. Costs that change with the level of output b. Costs that remain constant regardless of output
c. Costs that vary with production volume d. None of the above

v. Which of the following is a variable cost?
a. Rent b. Salaries c. Raw materials d. Depreciation

vi. Cost sheets are used to:
a. Record revenues b. Analyze financial position
c. Summarize costs associated with a product d. Prepare tax returns

vii. Direct costs can be attributed directly to:
a. A specific department b. A specific cost object c. Indirect overheads d. All expenses

viii. Which of the following costs would typically be included on a cost sheet?
a. Administrative expenses b. Cost of goods sold c. Interest expenses d. Corporate taxes

ix. In cost accounting, a variable cost is one that:
a. Doesn’t change with production levels b. Increases or decreases with the level of production
c. Is fixed for a short period d. Remains the same over the long term

x. The formula for calculating total cost is:
a. Fixed Cost + Variable Cost b. Direct Material + Direct Labor + Overheads
c. Total Revenue – Profit d. All of the above

Q. 1. B. State whether True or False (Any 7 out of 10) **07**

i. Historical costs are relevant in cost accounting for future decisions.
ii. Cost classification is essential for budgeting and controlling costs.
iii. A marginal cost approach focuses on fixed costs.
iv. Opportunity cost refers to the cost of the next best alternative forgone.
v. The total fixed cost increases as production volume increases.
vi. Reconciliation helps ensure that cost and financial accounts are consistent.
vii. Cost accounts follow the accrual basis of accounting like financial accounts.
viii. Differences between cost and financial accounts can arise due to treatment of overheads.
ix. The profit as per cost accounts will always be greater than financial accounts.
x. Reconciliation is unnecessary if both accounts show the same profit.

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Q. 2. A. The accounts of Z Ltd for the year ended 31st December, 2010, shows the following: **15**

Particulars	Amount (Rs.)
Work Office Salaries	6,500
Administrative Office Salaries	12,600
Cash Discounts allowed	2,900
Carriage Outward	4,300
Carriage Inward	7,150
Bad debts written off	6,500
Repairs to Plant and Machinery	4,450
Rent, rates,taxes, Insurance of :-	
Factory	8,500
Office	2,000
Sales	4,61,000
Stock of Raw materials:	
1st Jan., 2010	48,000
31st Dec., 2010	62,800
Materials Purchased	1.85,00
Travelling Expenses	2,100
Traveller's Salaries and Commission	7,700
Productive Wages	1,26,000
Depreciation on Plant and Machinery	6,500
Depreciation on Office Furniture	300
Director's Fees	6,000
Gas and Water (Factory)	1,200
Gas and Water (Office)	400
Manager's Salary (1/4 Office and 3/4 Factory)	10,000
General Expenses	3,400

You are required to prepare a cost statement for the year ended 31st December, 2010

OR

Q. 2. B. From the following date, prepare a Cost Sheet for the year 2010. Number of Units produced: 10,000 Units. **15**

Particulars	Rupees	Particulars	Rupees
Opening Stock of Raw Materials	3,00,000	Direct Salary	50,000
Purchase of Raw Materials	8,00,000	Advance Interest Received	40,000
Closing Stock of Raw Materials	1,00,000	Debenture Interest Paid	50,000
Carriage Outward	8,000	Freight Inward	20,000
Wages Indirect	20,000	Direct Wages	2,00,000
Salary:		Custom Duty Paid for	
Office	50,000	Purchase of Raw Material	5,00,000
Sales Office	40,000	Other Direct Charges	50,000
Other Factory Expenses	50,000	Goodwill Written-off	5,000
Trade Fair Expenses	20,000	Custom Duty Paid for	
Depreciation on:		Purchase of Plant	50,000
Factory	30,000		
Office	20,000		
Selling	20,000		

Number of Units sold 8,000 units at cost plus 18% Profit

Direct Salary is to be allocated to factory. Office and Selling in the ratio of 2:1:2.

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Q. 3. A. Max well Ltd. has furnished you the following information from the financial books for the year ended 31st December, 2009 **15**

Particulars	Rs.	Particulars	Rs.
Materials consumed	2,60,000	Opening Stock (500 units at Rs.35/- each)	17,500
Wages	1,50,000	Closing stock (250 units at Rs.50/- each)	12,500
Factory overheads	94,750	Sales (10,250 units)	7,17,500
Administration Overheads	1,06,000	Interest Received	250
Selling & Distribution Overheads	55,000	Rent Received	10,000
Bad Debts	4,000		
Preliminary expenses	5,000		

The cost sheet shows the following:
Cost of materials Rs. 26 per unit, Labor cost Rs. 15 per unit, Factory overheads 60% of Labor cost, Administration overheads 20% of Factory cost
Selling expenses Rs, 6 per unit, Opening Stock Rs. 45 per unit.
You are required to prepare:
1. Financial Profit & Loss Account 2. Costing Profit & Loss Account
3. Statement of Reconciliation

OR

Q. 3. B. On 1st October 2013 Akansha and Co Undertook a contract for ₹5,00,000. The following information is available in respect of a contract for the year ended 31/12/2013. **15**

Particulars	₹
Work Certified	80,000
Wages Paid	30,000
Material Supplied	45,000
Other Expenses	5,000
Work Uncertified	1,800
Material Lying at Site	1,500
Wages Outstanding	1,000
Plant	20,000

Provide 10% depreciation on plant p.a. prepare contract A/c in the books of Akansha and Co.

Q. 4. A. Yashita & Co Ltd. manufactures a product which passes through two consecutive process viz. Process I and Process II. The company provides you with the following information for the year ended 31st March 2014. **15**

Particulars	Process I	Process II
Basic Material	5000 units	--
Rate Per Unit	2.2	--
	₹	₹
Process Material	4000	3000
Wages	3000	4000
Factory Overheads	2000	2630
Process Loss as percentage of input	0.1	0.1
Scrap Value of process loss (per 100 units)	40	60

Prepare Process A/c and other relevant accounts. The entire output of Process II process was sold for ₹ 30,000.

OR

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Q. 4. B. Rakesh Jiandani Ltd. Manufacture a Chemical product which passes through three processes. The cost records show the following particulars for the year ended 30th June 2014. **15**

Particulars	**Process I**	**Process II**	**Process III**
Material	48,620	1,08,259	1,03,345
Labour	32,865	84,553	77,180
Expenses	2,515	10,588	16,275
Normal Loss	20%	15%	10%
Scrap Value Per Unit	1	2	3
Actual Output (Units)	18,000	16,000	15,000

Input to Process I 20000 Units @ ₹28 per unit. Prepare Process Accounts, Abnormal gain / Loss A/c Also show process cost per unit for each process.

Q. 5. A. What is cost accounting, and how does it differ from financial accounting? **08**

Q. 5. B. Describe the process of reconciling cost accounts with financial accounts? **07**

OR

Q. 5. C Short Notes: Attempt (Any 3 out of 5) **15**

i. Service Cost Centre
ii. Indirect Costs
iii. Behavior of Fixed Cost
iv. Controllable Cost
v. Loading charges

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