



**INTERMEDIATE EXAMINATION**

**PRACTICE TEST PAPER**

**PAPER – 8**

**COST ACCOUNTING**

**TERM – JUNE 2026**

**SYLLABUS 2022**

Time Allowed: 3 Hour

Full Marks: 100

The figures in the margin on the right side indicate full marks.

**SECTION – A (Compulsory)**

**1. Choose the correct option:**

**[15 x 2 = 30]**

- i) Which of the following classification is meant for distinction between direct cost and indirect cost?
- (a) Function
  - (b) Element
  - (c) Variability
  - (d) Controllability
- ii) Danger Level is calculated by multiplying:
- (a) Maximum consumption × Minimum re-order period
  - (b) Normal rate of consumption × Maximum re-order period
  - (c) Average consumption × Average re-order period
  - (d) Minimum consumption × Maximum re-order period
- iii) JIT helps in:
- (a) Increasing excess inventory
  - (b) Minimizing waste
  - (c) Increasing production delays
  - (d) Maximizing storage cost
- iv) Material Cost deals with which Cost Accounting Standard:
- (a) CAS-6
  - (b) CAS- 3
  - (c) CAS-12
  - (d) CAS-16
- v) \_\_\_\_\_ deals with the principles and methods of determining the production or operation overheads.
- (a) CAS-3
  - (b) CAS-5
  - (c) CAS-9
  - (d) CAS-16



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- vi) Which among the following is not the significance of cost record in India:
- (a) Legal Compliance
  - (b) Government Regulations
  - (c) Cost Audit requirement
  - (d) Economical requirement
- vii) Under non-integrated accounting system:
- (a) Same ledger is maintained for cost and financial accounts by accountants
  - (b) Separate ledgers are maintained for cost and financial accounts
  - (c) (a) and (b) both
  - (d) None of the above
- viii) Operating costing is applicable to:
- (a) Hospitals
  - (b) Cinemas
  - (c) Transport undertaking
  - (d) All of the above
- ix) In a job cost system, costs are accumulated \_\_\_\_\_.
- (a) On a monthly basis
  - (b) By specific job
  - (c) By department or process
  - (d) By kind of material used
- x) Which among of the following is true regarding process costing:
- (a) Continuous and Mass Production
  - (b) Homogeneous Products
  - (c) Average Cost per Unit is calculated for each process
  - (d) All of these
- xi) Following information is available of XYZ Limited for quarter ended June, 2023
- |               |                |
|---------------|----------------|
| Fixed cost    | ₹5,00,000      |
| Variable cost | ₹ 10 per unit  |
| Selling price | ₹ 15 per unit  |
| Output level  | 1,50,000 units |
- What will be amount of profit earned during the quarter using the marginal costing technique?
- (a) ₹ 2,50,000
  - (b) ₹ 10,00,000
  - (c) ₹ 5,00,000
  - (d) ₹ 17,50,000



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- xii) When the sales increase from ₹ 40,000 to ₹ 60,000 and profit increases by ₹ 5,000, the P/V ratio is:
- (a) 20%  
(b) 30%  
(c) 25%  
(d) 40%
- xiii) Standard price of material per kg ₹ 20, standards consumption per unit of production is 5 kg. Standard material cost for producing 100 units is:
- (a) ₹20,000  
(b) ₹12,000  
(c) ₹8,000  
(d) ₹10,000
- xiv) Which among the following is not true regarding Budget:
- (a) Budget is related to planned events.  
(b) Budget is planned or prepared for a shorter period  
(c) Budget is unfixed for a period  
(d) Result of planning is budgeting
- xv) The cost per unit of a product manufactured in a factory amounts to ₹ 160 (75% variable) when the production is 10,000 units. When production increases by 25%, the cost of production will be ₹ per unit.
- (a) ₹ 145  
(b) ₹ 150  
(c) ₹ 152  
(d) ₹ 140

#### Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Following data is available from the cost records of a company for the month of March 2022:
- i. Opening stock of job as on 1st March 2022  
Job no. A 99: Direct Material - ₹80, Direct Wages - ₹150 and Factory Overheads - ₹200.  
Job no. A 77: Direct Material - ₹420, Direct Wages - ₹450 and Factory Overheads - ₹400.
- ii. Direct material issued during the month of February 2022 was:  
Job no. A 99 - ₹120  
Job no. A 77 - ₹280
- Direct labour details for March 2022 were:



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Job no.	Hours	Amount (₹)
A 99	400	600
A 77	200	450

iii. Factory Overheads are applied to jobs on production according to direct labour hour rate which is ₹2.10 per hour.

iv. Factory Overhead incurred in March 2022 were ₹2,100

v. Job numbers A 99 and A 77 were completed during the month. They were billed to the customers at a price which included 15% of the price of the job for Selling & Distribution expenses and another 10% of the price for Profit.

Compute:

I. Job Cost Sheet for Job No. A 77 and A 99.

II. Identify the selling price for the jobs.

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- (b) From the following particulars with respect to a particular item of materials of a manufacturing company, calculate the best quantity to order:

Ordering quantities (tonnes)	Price per tonne Amount (₹)
Less than 250	6.00
250 but less than 800	5.90
800 but less than 2,000	5.80
2,000 but less than 4,000	5.70
4,000 and above	5.60

The annual demand for the material is 4,000 tonnes. Stock holding costs are 20% of material cost p.a. The delivery cost per order is ₹ 6.00.

[7]

3. (a) During the year ending 31st March 2025, the factory overhead costs of three production departments of an organization are as under:

X = ₹ 50,000

Y = ₹ 45,000

Z = ₹ 70,000

The basis of absorption of overheads is given below:

Department X = ₹ 6 per machine hour for 10,000 hours

Y = 37% of direct labour cost of ₹ 1,00,000

Z = @ 5 per piece for 15,000 pieces

Calculate the department-wise under or over-absorption of overheads and present the data in a tabular form.

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- (b) Prepare Journal of the following transactions assuming that Cost and Financial Accounts are integrated

Particulars	Amount (₹)
Raw materials purchased	2,00,000
Direct materials issued to production	1,80,000
Wages paid (20% Indirect)	80,000
wages charged to production	75,000
Manufacturing expenses incurred	45,000
Manufacturing overhead charged to production	54,000
selling and distribution costs	28,000
Finished product at cost	1,85,000
Sales	2,84,000
Receipts from customers	74,000
Paid to creditors	92,000
Closing stock	

[7]

4. (a) XYZ Ltd. runs a holiday home. For this purpose, it has hired a building at a rent of ₹ 10,000 per month along with 5% of total taking. It has three types of suite for its customers, viz., single room, double rooms and triple rooms.

Following information is available:

Type of Suite	Number	Percentage of Occupancy
Single Room	100	100%
Double Rooms	50	80%
Triple Rooms	30	60%

The rent of double rooms suite is to be fixed at 2.5 times of the single room suite and that of triple rooms suite as twice of the double room suite.

Particulars	₹
Staff salaries	14,25,000
Room attendants' wages	4,50,000
Lighting, heating and power	2,15,000
Repairs and renovation	1,23,500
Laundry charges	80,500
Interior decoration	74,000
Sundries	1,53,000



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Provide profit @ 20% on total taking and assume 360 days in a year.

Calculate the rent to be charged for each type of suite.

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- (b) A company of builders took to a multi-storied structure for ₹ 40,00,000 estimating the cost to be ₹36,80,000. At the end of the year, the company had received ₹ 14,40,000 being 90% of the work certified; work done but not certified was ₹ 40,000. Following expenditure were incurred.

Particulars	(₹)
Materials	4,00,000
Labour	10,00,000
Plant	80,000

Materials costing ₹ 20,000 were damaged. Plant is considered as having depreciated at 25%. Prepare Contract Account.

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5. (a)

Degree of completion		
Opening stock	1,600 units	Material 70% Labour 60% Overhead 60%
Transfer from Process I	10,200 units	
Transfer to next process	9,200 units	
Units scrapped	800 units	
Normal Loss 10% of Input	1,800 units	Material 60% Labour 40% Overhead 40%
Closing stock		

Prepare a Statement of Equivalent Production.

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- (b) The standard cost of a certain chemical mixture is as under:  
40% of Material A at ₹ 20 per kg. 60% of Material B at ₹ 30 per kg. A standard loss of 10% is expected in production. The following actual cost data is given for the period:

180 kg material A at a cost of ₹ 18 per kg

220 kg material B at a cost of ₹ 34 per kg

The weight produced is 360 kg.

Calculate and present:

- Material Cost Variance
- Material Price Variance
- Material Usage Variance
- Material Mix Variance
- Material Yield Variance

[7]

6. (a) Two businesses, AB Ltd and CD Ltd. sell the same type of product in the same market. Their budgeted profits and loss accounts for the year ending 30th June, 2021 are as follows: Amount



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(₹)

	AB Ltd		CD Ltd	
Sales		1,50,000		1,50,000
Less: Variable costs	1,20,000		1,00,000	
Fixed Cost	15,000	1,35,000	35,000	1,35,000
Profit		15,000		15,000

You are required to calculate the BEP and Margin of Safety of each business.

[7]

- (b) A company manufactures scooters and sells it at ₹ 3,000 each. An increase of 17% in cost of materials and of 20% of labour cost is anticipated. The increased cost in relation to the present sales price would cause at 25% decrease in the amount of the present gross profit per unit. At present, material cost is 50%, wages 20% and overheads is 30% of cost of sales. You are required to:

- (i) Prepare a statement of profit and loss per unit at present  
(ii) Compute the new selling price to produce the same percentage of profit to cost of sales as before.

[7]

7. (a) From the following figures prepare the raw material purchase budget for January 2024:

	Materials					
	A	B	C	D	E	F
Estimated Stock on 1st Jan	16,000	6,000	24,000	2,000	14,000	28,000
Estimated Stock on 31st Jan	20,000	8,000	28,000	4,000	16,000	32,000
Estimated Consumption	1,20,000	44,000	1,32,000	36,000	88,000	1,72,000
Standard Price per unit	25 paise	5 paise	15 paise	10 paise	20 paise	30 paise

[7]

- (b) Write answers of the following:

Explain the need for systematic classification of costs under CAS-1.

[7]

8. (a) Describe the scope of Cost Accounting.

[4]

- (b) Analyse the Labour Turnover Cost.

[5]

- (c) Explain the concept of Quality Control cost as per CAS-21.

[5]