



INTERMEDIATE EXAMINATION

SET - 1

MODEL QUESTION PAPER

TERM – JUNE 2024

PAPER – 8

SYLLABUS 2022

COST ACCOUNTING

Time Allowed: 3 Hours

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 standards deals with the principles and methods of determining depreciation and amortization cost?
 - a. CAS 9
 - b. CAS 12
 - c. CAS 15
 - d. CAS 16
- (ii) _____ is anything for which a separate measurement of cost is required.
 - a. Cost driver
 - b. Cost centre
 - c. Cost unit
 - d. Cost object
- (iii) Direct Expenses _____ includes imputed cost.
 - a. Shall
 - b. Shall not
 - c. Shall be
 - d. None of these
- (iv) Fixed costs are treated as
 - a. Overhead costs
 - b. Prime costs
 - c. Period costs
 - d. Conversion costs
- (v) Sales budget is a _____.
 - a. expenditure budget
 - b. functional budget
 - c. master budget
 - d. None of these
- (vi) In which of the following situations an abnormal gain in a process occurs:
 - a. When normal loss is equal to actual loss
 - b. When the actual output is greater than the planned output
 - c. When actual loss is more than the expected
 - d. When actual loss is less than the expected loss
- (vii) Absorption means
 - a. Charging of overheads to cost centres
 - b. Charging of overhead to cost units
 - c. Charging of overheads to cost centres or cost units
 - d. None of the above



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- (viii) Primary packing cost is a part of
- Direct material cost
 - Distribution overhead
 - Selling overhead
 - Production cost
- (ix) Equivalent production of 1,000 units, 60% complete in all respect, is:
- 1,000 units
 - 1,600 units
 - 600 units
 - 1,060 units
- (x) When costing loss is ₹ 5,600, administrative overhead under-absorbed being ₹ 600, the loss as per financial accounts should be _____.
- ₹ 5,000
 - ₹ 5,600
 - ₹ 6,200
 - None of the above
- (xi) Contribution is ₹ 3,00,000 and sales is ₹ 15,00,000. Compute P/V ratio.
- 15%
 - 20%
 - 22%
 - 17.5%
- (xii) What is the labour rate variance if standard hours for 100 units of output are 400 @ ₹ 2 per hour and actual hours taken are 380 @ ₹ 2.25 per hour?
- ₹ 120 (adverse)
 - ₹ 100 (adverse)
 - ₹ 95 (adverse)
 - ₹ 25 (favourable)
- (xiii) Standard cost of material for a given quantity of output is ₹ 15,000 while the actual cost of material used is ₹ 16,200. The material cost variance is:
- ₹ 1,200 (A)
 - ₹ 16,200 (A)
 - ₹ 15,000 (F)
 - ₹ 31,200 (A)
- (xiv) Job Costing is used in:
- Furniture making
 - Repair shops
 - Printing press
 - All of the above
- (xv) Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid
- 83% of the piece work rate
 - 175% of the piece work rate
 - 67% of the piece work rate
 - 125% of the piece work rate

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(Answer any five questions out of seven questions given. Each question carries 14 Marks) [5x14=70]

2. (a) MNQ LLP submits the following information on 31st March 2024. Based on the given data, illustrate and prepare a statement of cost.

Details (₹)	Details (₹)
Sales for the year	2,75,000
Inventories at the beginning of the year: Finished goods	7,000
Work in Progress	4,000
Purchase of the material for the year	1,10,000
Material inventory: At the beginning of the year	3,000
At the end of the year	4,000
Direct Labour	65,000
Factory overhead: 60% of direct labour cost	
Inventories at the end of the year: Finished goods	8,000
Work in Progress	6,000
Other expenses for year:	
Selling expenses - 10% of sales	
Administrative expense – 5% of sales	

[7]

- (b) Anil Ltd. buys its annual requirement of 36,000 units in six installments. Each unit costs ₹ 1 and the ordering cost is ₹ 25. The inventory carrying cost is estimated at 20% of unit value. Compute the total annual cost of the existing inventory policy. Determine how much money can be saved by using EOQ?

[7]

3. (a) A manufacturing unit produces two products X and Y. the following information is furnished:

Particulars	Product X	Product Y
Units produced (quantity)	20,000	15,000
Units sold (quantity)	15,000	12,000
Machine Hours utilized	10,000	5,000
Design charges	15,000	18,000
Software development charges	24,000	36,000

Royalty paid on sales ₹ 54,000 [@ ₹ 2 per unit sold, for both the products]; Royalty paid on units produced ₹ 35,000 [@ ₹ 1 per unit produced, for both the products], Hire charges of equipment used in manufacturing process of Product X only ₹ 5,000. Compute the direct expenses.

[7]

- (b) Prepare and pass the journal entries for the following transactions in a double entry cost accounting system:

Particulars	Amount (₹)
A) Issue of Material:	
- Direct	5,50,000
- Indirect	1,50,000
B) Allocation of wages and salaries:	
- Direct	2,00,000
- Indirect	40,000
C) Overheads absorbed in jobs:	
- Factory	1,50,000
- Administration	50,000

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- Selling	30,000
D) Under / Over absorbed overhead:	
- Factory (Over)	20,000
- Administration (Under)	10,000

[7]

4. (a) A transport service company is running five buses between two towns, which are 50 kilometers apart. Seating capacity of each bus is 50 passengers. The following particulars are obtained from their books for April 2023:

Particulars	Amount (₹)
Wage of drivers, conductors and cleaners	2,40,000
Salaries of office staff	1,00,000
Diesel oil and other oil	3,50,000
Repairs and maintenance	80,000
Taxation, insurance etc.	1,60,000
Depreciation	2,60,000
Interest and other expenses	2,00,000
Total	13,90,000

Actually, passengers carried were 75% of seating capacity. All buses ran on all day of the month. Each bus made one round trip per day. Calculate the cost per passenger kilometer. **[7]**

- (b) A contractor has undertaken a construction work at a price of ₹ 5,00,000 and begun the execution of work on 1st January 2023. The following are the particulars of the contract up to 31st December, 2023:

Particulars	Amount (₹)		Amount (₹)
Machinery	30,000	Overheads	8,252
Materials	1,70,698	Materials returned	1,098
Wages	1,48,750	Work certified	3,90,000
Direct expenses	6,334	Cash received	3,60,000
Uncertified work	9,000	Materials on 31.12.2022	3,766
Wages outstanding	5,380		
Value of Machinery on 31.12.2022	22,000		

It was decided that the profit made on the contract in the year should be arrived at by deducting the cost of work certified from the total value of the architect's certificate, that 1/3rd of the profit so arrived at should be regarded as a provision against contingencies and that such provision should be increased by taking to the credit of Profit & Loss Account only such portion of the 2/3rd profit, as the cash received to the work certified. Prepare the contract account for the year and show the amount taken to the credit of the Profit and Loss account. **[7]**

5. (a) In manufacturing the main Product 'A', a company processes the resulting waste material into two By-Products B and C. Using reversal cost method of By-Products, prepare a comparative profit and loss statement of the three products from the following data:

- (i) Total cost up to separation point was ₹ 68,000

	A	B	C
(ii) Sales (all production)	₹ 1,64,000	₹ 16,000	₹ 24,000

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(iii) Estimated net profit % to Sale Value	-	20%	30%
(iv) Estimated Selling Expenses as % of Sales Value	20%	20%	20%
(v) Costs after separation	-	₹ 4,800	₹ 7,200

[7]

- (b) Using the following information calculate each of three labour variance for each department:

	Department X	Department Y
Gross wages direct	₹ 28,080	₹ 19,370
Standard hours produced	8,640	6,015
Standard rate per hour	₹ 3	₹ 3.40
Actual hours worked	8,200	6,395

[7]

6. S Ltd. furnishes you the following information relating to the half year ended 30th June, 2023:

Fixed Expenses	₹ 45,000
Sales Value	₹ 1,50,000
Profit	₹ 30,000

During the second half of the year the company has projected a loss of ₹ 10,000. Calculate:

- The Break Even Sales and Margin of Safety for the six months ending 30th June, 2023.
- Expected sales volume for the second half of the year assuming that the P/V Ratio and Fixed expenses re- main constant in the second half year also.
- The Break Even Sales and Margin of Safety for the whole year 2023.

[14]

7. (a) The monthly budgets for manufacturing overheads of a concern for two levels of activity were as follows:

Capacity	60%	100%
Budgeted Production (units)	600	1,000
	(₹)	(₹)
Wages	1,200	2,000
Consumable stores	900	1,500
Maintenance	1,100	1,500
Power and fuel	1,600	2,000
Depreciation	4,000	4,000
Insurance	1,000	1,000
Total Cost	9,800	12,000

You are required to:

- Inspect which of the items are fixed, variable and semi-variable.
- Prepare a budget for 80% capacity, and
- Compute total cost, both fixed and variable per unit of output at 60%, 80% and 100% capacity.

[7]

- (b) Explain the scope and objective of Cost Accounting Standard (CAS).

[7]

8. (a) Distinguish between Financial and Cost Accounting. **[4]**
(b) Identify and name any five CAS along with their numbers. **[5]**
(c) Analyse the Time Rate, Piece Rate and Differential Piece Rate Systems with regard to labour. **[5]**