VCD 030423 SYBBI SEM: IV COST ACCOUNTING Marks: 75 Time: 2½ Hours

Q.1.(a): Multiple Choice Questions: (Any 8) (8)

1. _____ is called as direct costing.

a) Marginal costing b) Standard costing c) Prime cost d) Cost sheet

2. Sales minus variable cost is ____.

a) profit b) fixed cost c) contribution d) loss

3. Standards are _____ prior to actual performance.

a) compared b) Pre-determined c) Analysed d) Controlled

4. Overtime variance is calculated for _____.

a) material b) fixed overheads c) labour d) variable overheads

5. _____ is not included in cost accounts.

a) Material purchased b) Wages c) Interest on Investments d) Depreciation

6. Dividend is a _____ type of cost.

a) office expenses b) factory expenses c) finance expenses d) selling expenses

7. Manufacturing expenses are called as _____ overheads.

a) factory b) office c) selling d) prime cost

8. Cost are classified into _____ and fixed.

a) variable b) per unit c) total d) finance

9. _____ is a process of accounting for costs.

a) Cost accounting b) Auditing c) Management accounting d) Financial accounting

10. The main purpose of cost accounting is to provide information to management for ______

a) profit maximisation b) decision making c) inventory valuation d) fixing price

Q.1.(b): State whether following statements are True or False: (Any 7) (7)

1. Increase in selling price results in increase in contribution.
2. Contribution is excess of sales over variable cost.
3. Standard costing is a technique of costing.
4. Standard cost is a pre-determined cost.
5. Donations paid are recorded in financial accounts only.
6. Rent received is only credited in financial accounts.
7. Prime cost is an Indirect cost.
8. Fixed costs are controllable costs.
9. Debit and Credit are basic concepts used in Cost Accounting.
10. Depreciation is a cash cost.

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Q.2: From the following data, prepare a Cost sheet for the year 2023. Number of units produced: 10,000 units (15)

Particulars	Rs.
Opening stock of raw material	3,00,000
Purchase of raw material	8,00,000
Closing stock of raw material	1,00,000
Carriage Outward	8,000
Wages Indirect	20,000
Salary:	
-Office	50,000
-Sales office	40,000
Other office expenses	50,000
Trade Fair expenses	20,000
Depreciation:	
-Factory	30,000
-Office	20,000
-Selling	20,000
Direct Salary	50,000
Advance interest received	40,000
Custom duty paid for purchase of raw material	5,00,000
Debenture Interest paid	50,000
Freight inward	20,000
Custom duty paid for Purchase of plant	50,000
Direct Wages	2,00,000
Other direct charges	50,000
Goodwill written off	5,000
Number of units sold 8,000 units at cost plus 12% profit	

Direct salary is to be allocated to factory, office and selling in the ratio of 2:1:2

OR

Q.2.(a) Sales are Rs. 3,20,000, fixed costs are Rs. 80,000 and variable costs are Rs. 1,20,000. What is the safety margin? (8)

Q.2.(b) Classify on the basis of Factory or Office and Administration or Selling and Distribution Cost: (7)

1. Machine Depreciation
2. Advertising
3. Foreman's Wages
4. Office Salaries
5. Audit Fees
6. Show room rent
7. Printing & Stationery

Q.3. Prepare a cost sheet showing the total and per tonne cost of paper manufactured by Times Paper Mills Ltd. for the month of March, 2006. There were 26 working days in the month. Also find the profit earned by the company. The details are as under: (15)

Direct Raw Materials: Paper pulp	6,000 tons @ Rs. 900 per tonne.
Direct labour: 280 Skilled workmen	Rs. 250 per day

300 Semiskilled workmen	Rs. 150 per day
470 Unskilled workmen	Rs. 100 per day
Direct expenses:	
Special equipment hire charges	Rs. 12,000 per day
Special dyes	Rs. 250 per tonne of total raw material input
Work overheads: Variable	@50% of direct wages
Fixed	Rs. 2,70,000 p.m.
Administration overheads	@12% of works cost
Selling & Distribution overheads	Rs. 80 per tonne sold
Opening stock of paper	500 tonnes valued @ Rs. 2,501.60 per ton
Closing stock of paper	300 tonnes valued at cost of production

The paper is sold @ Rs. 3,000 per tonne.

OR

Q.3 Following data pertains to Warwick Ltd. (15)

Materials	Standard Quantity	Standard Rate (Rs.)	Actual Quantity	Actual Rate (Rs.)
P	40	50	50	45
Q	60	40	60	55

Calculate Material Variances.

Q.4. From the following information calculate: (15)

a) P/V ratio. b) Break even point (units) c) Margin of Safety d) Profit e) Sales to earn a profit of Rs. 6,000.

Fixed Cost	Rs. 4,500
Variable Cost	Rs. 7,500
Sales	Rs. 15,000
Units sold	500 Units

OR

Q.4. Prepare a reconciliation statement from the following data: (15)

	Rs.
Net loss as per cost accounts	34,480
Net loss as per financial accounts	43,209
Works overheads under-recovered in cost accounts	624
Depreciation overcharged in cost accounts	260
Administration overheads recovered in excess	340
Interest on investments	1,750
Good will written off in financial books	1,140
Income tax paid	8,060

Stores adjustment (credit in financial books)	95
Depreciation of stock charged in financial books	1,350
Gains during the year not included in cost accounts	
Transfer fees	45
Profit on sale of investments	4,250
The following expenses not included in cost accounts	
Directors fees	1,750
Bank Charges	180
Penalty due to late completion of contract	2,365

Q.5.(a) Distinguish between Cost Accounting and Financial Accounting. (8)

(b) Explain the advantages of standard costing. (7)

OR

Q.5: Short Notes: (Any 5) (15)

1. Marginal Costing
2. Margin of Safety
3. Types of Standards
4. Objectives of Cost sheet
5. Cost accounting