

7/5/2022

VCD _____ CLASS – FYEME SUBJECT – COST ACCOUNT TIME – 2 ½ HRS MARKS – 75

Q 1. Choose correct answer from the given alternatives:

40 MARKS

1. Elements of costs are of _____ types. (2, 3, 4, 5)
2. Carriage outward is what type of cost? (Administration expenses, Selling expenses, Factory expenses, not included in cost sheet)
3. If the total cost of a product is Rs. 25,000 & sales is Rs. 47,000, then the profit will be Rs. _____ (20,000, 40,000, 22,000, 30,000)
4. Office overheads are also known as _____ overheads (factory, selling, administrative, work cost)
5. In reconciliation statement, expenses shown only in financial accounts are _____ (deducted from costing profit, added to costing profit, ignored, divided by costing profit)
6. Reconciliation statement states causes of differences in _____ (cost, profit, sales, selling price)
7. Margin of safety is the difference between total sales & _____ (maximum, minimum, break-even, MOS)
8. BEP is also termed as _____ (no profit - no loss point, only profit point, only loss point, both profit & loss point)
9. Profit divided by P/V Ratio is _____ (BEP, MOS, P/V Ratio, Actual sales)
10. _____ is a process of accounting for costs. (Financial Accounting, Cost Accounting, Management Accounting, Audit)
11. Uncontrollable costs are the costs which _____ be influenced by the action of a specified member of an undertaking (can, cannot, may, will)
12. Basic objective of cost accounting is _____ (tax compliance, financial audit, cost ascertainment, profit analysis)
13. Cotton used in a textile mill is an example of _____ (Indirect cost, Total cost, Direct cost, Overheads)
14. Prime cost + factory overheads = _____ (prime cost, cost of production, works cost, cost of goods sold)
15. _____ is a statement showing cost of production of a particular product (Tender, Quotation, Cost Sheet, Statements)
16. Which of the following items is not included in preparation of cost sheet? _____ (sales commission, purchase returns, carriage inward, discount on issue of debentures)
17. In reconciliation statement, overheads over charged are _____ costing profit (added to, deducted from, divided by, ignored)
18. In reconciliation statement, depreciation undercharged in cost accounts will be _____ costing profit (added to, deducted from, divided by, ignored)
19. The abbreviation 'BEP' stands for _____ (Bombay Electricity Provider, Budgeted Expense Product, Bombay Entry Point, Break Even Point)
20. Contribution is the difference between _____ (sales & variable cost, fixed cost & variable cost, total cost & fixed cost, variable cost & profit)

Q 2. Solve any one:

7 MARKS

(A) Classify the following items into Factory Overheads, Office & Administration Overheads, Selling & Distribution Overheads:

Depreciation to delivery van, bank charges, office rent, audit fees, salesmen's commission, factory rent, insurance, lighting, machine depreciation, advertising

OR

(B) Classify the following items into Direct & Indirect Cost:

Advertisement, productive wages, carriage inward, cost of cotton in a textile unit, lighting & heating, postage, factory rent, cost of fruits in fruit juice manufacturing unit, carriage outwards, cost of nails in furniture

Q 3. Solve any one

7 MARKS

(A) From the following particulars of a manufacturing firm, prepare a cost sheet showing:

(i) Cost of materials used, (ii) Works cost, (iii) Cost of production, (iv) Total cost (v) Profit

| Particulars | Rs. | Particulars | Rs. |
|--|-----------|---|-----------|
| Stock of Materials on 1st Jan, 2008 | 40,000 | Finished Goods sold | 24,00,000 |
| Purchase of Raw Materials | 11,00,000 | Works overhead charges | 1,50,000 |
| Stock of Finished Goods on 1st Jan, 2008 | 50,000 | Office & General expenses | 1,00,000 |
| Productive Wages | 5,00,000 | Stock of Materials on 31 st Jan, 2008 | 1,40,000 |
| | | Stock of Finished Goods on 31 st Jan, 2008 | 60,000 |

OR

B) From the following information prepare a cost statement

| Particulars | Rs. | Particulars | Rs. |
|---|----------|----------------------------------|--------|
| Materials used in manufacturing | 1,10,000 | Chargeable expenses | 10,000 |
| Materials used in primary packing | 20,000 | Indirect expenses (factory) | 2,000 |
| Materials used in final packing | 3,000 | Administrative expenses | 2,500 |
| Materials used in factory | 1,500 | Depreciation on office premises | 1,500 |
| Materials used in office | 2,500 | Depreciation on factory premises | 3,500 |
| Labour required for production | 20,000 | Freight on materials purchased | 10,000 |
| Labour required for factory supervision | 4,000 | Sales expenses | 7,000 |
| | | Advertising expenses | 2,500 |

What should be the selling price to obtain a profit of 20% on selling price

Q 4. Solve any one

7 MARKS

(A) Prepare a reconciliation statement between financial & cost accounting records:

Cost Sheet

| Particulars | Rs. |
|---------------------------------------|---------------|
| Direct material | 6,000 |
| Direct labour | 4,000 |
| Direct expenses | 3,000 |
| PRIME COST | 13,000 |
| Add: Factory overhead | 6,000 |
| FACTORY COST | 19,000 |
| Add: Office & Administration overhead | 13,000 |
| COST OF GOODS SOLD | 32,000 |
| Add: Selling & Distribution overhead | 6,000 |
| TOTAL COST | 38,000 |
| Add: Profit | 12,000 |
| SALES | 50,000 |

Dr.

Trading & Profit & Loss A/c

Cr.

| Particulars | Rs. | Particulars | Rs. |
|-------------------------------------|--------|----------------------|--------|
| To Raw material | 6,000 | By Sales | 50,000 |
| To Direct labour | 5,000 | | |
| To Direct expenses | 2,500 | | |
| To Gross profit c/d | 36,500 | | |
| | 50,000 | | 50,000 |
| To Factory expenses | 6,000 | By Gross profit b/d | 36,500 |
| To Office & Administration expenses | 12,000 | By Dividend received | 1,000 |
| To Selling & Distribution expenses | 8,000 | | |
| To Finance expenses | 2,000 | | |
| To Net profit | 4,500 | | |
| | 37,500 | | 37,500 |

OR

(B) A Company's Trading & Profit & Loss A/c was as follows:

| Dr. | | Cr. | |
|-------------------------|----------|------------------|----------|
| Particulars | Rs. | Particulars | Rs. |
| To Opening Stock | 1,00,000 | By Sales | 1,75,000 |
| (+) Purchases | 80,000 | | |
| | 1,80,000 | | |
| (-) Closing Stock | (80,000) | | |
| | 1,00,000 | | |
| Direct Wages | 20,000 | | |
| Factory Expenses | 15,000 | | |
| Gross Profit c/f | 40,000 | | |
| | 1,75,000 | | 1,75,000 |
| Administrative Expenses | 10,000 | Gross Profit b/f | 40,000 |
| Selling Expenses | 15,000 | | |
| Net Profit c/f | 15,000 | | |
| | 40,000 | | 40,000 |

Costing records show the following:

| | Rs. |
|---|--------|
| (a) Stock ledger closing balance | 89,000 |
| (b) Direct Labour | 23,000 |
| (c) Factory Overhead | 13,000 |
| (d) Administrative overhead & selling expenses each are calculated at 8% of the selling price | |

Prepare a reconciliation statement

Q 5. Solve any one:

7 MARKS

(A) From the following information calculate (i) P/V ratio, (ii) BEP (units), (iii) MOS (value & units both), (iv) Profit

Fixed cost - Rs. 4,500, variable cost - Rs. 7,500, sales - Rs. 15,000 & units sold - 500 units

OR

(B) Sales are Rs. 3,20,000, fixed cost are Rs. 80,000 & variable costs are Rs. 1,20,000. What is margin of safety?

Q 6. Write short notes on: (any 2)

7 MARKS

1. Advantages of cost accounting to management
2. Direct & indirect labour
3. Objectives of cost accounting
4. Elements of costs
5. Classification of costs on the basis of functions