

30/10/23

VCD/\_\_\_/Class SYBMS FINANCE/Sem III/Cost Accounting/Time : 2<sup>1/2</sup> hours/75 marks

**Note: 1) All questions are compulsory 2) Figures to the right indicate full marks.**

**Q.1 A] Fill in the blanks with correct options. (Any 8)**

**8 Marks**

1) Which of these is not an objective of Cost Accounting ?

A) Assisting shareholder in decision making B) Ascertainment of cost C) Determination of selling price D) Cost control and cost reduction

2) Elements of Cost a product are \_\_\_\_.

A) Material, Labour & Expenses B) Material only C) Labour only D) Expenses only

3) Raw Materials are directly identifiable as a part of the final product and are classified as \_\_\_\_.

A) Direct cost B) Period cost C) Fixed cost D) Any of the above

4) \_\_\_\_ indicates the level of each particular item of stock at any point of time.

A) A bin card B) Bill of material C) Material Requisition Note D) All of the above

5) In which of the following incentive plans of payment, wages on time basis are not Guaranteed?

A) Taylor's differential piece rate system B) Halsey plan C) Rowan plan D) Gantt's task and bonus system

6) Under the high wage plan, a worker is paid \_\_\_\_.

A) At a time rate higher than the usual rate B) According to his efficiency C) At a double rate for overtime D) Normal wages plus bonus

7) The allotment of whole items of cost of centers or cost units is called \_\_\_\_.

A) Cost allocation B) Cost apportionment C) Overhead absorption D) None of the above

8) Packing cost is \_\_\_\_.

A) It may be any or the above B) Productions of cost C) Distribution cost D) Selling cost

9) While calculating " Raw Material Consumed" , the opening stock of raw material is \_\_\_\_.

A) Added B) Deducted C) Multiplied D) Divided

10) It involves setting a cost by subtracting a desired profit margin from a competitive market price \_\_\_\_.

A) Target costing B) Benchmarking C) JIT D) Uniform costing

**Q.1B] State whether the following statements are true or false. (Any 7)**

**7 Marks**

1) Uniform costing helps in cost control.

2) Rent received is only credited in financial accounts.

3) Debenture interest is excluded from the cost sheet.

4) Labour turnover can be reduced.

5) The output of process I becomes the input of process 2.

6) Normal loss is shown on the credit side of the process account.

7) Under FIFO method, stock purchased first is deemed to be issued first.

8) In Absorption costing both fixed and variable cost are allocated to cost units.



- 9) Prime cost is also termed as factory cost.  
10) Donations are not included in financial books.

Q.2

- A) Advantages of cost accounting.  
B) Disadvantages of cost accounting

7 Marks

8 Marks

OR

- C) Classification of cost accounting  
D) features of process costing

7 Marks

8 Marks

Q.3

- A) Calculate the Economic Order Quantity from the following information. Also state the number of orders to be placed in a year.

7 Marks

Consumption of material per annum = 10,000kh

Order placing cost per order = RS.50

Cost per kg of raw materials = Rs. 2

Storage cost = 8% on average inventory

- B) The components A and B are used as follows:

8 Marks

Norm usage - 300 units per week each

Maximum usage - 450 units per week each

Minimum usage - 150 units per week each

Reorder Quantity - A = 2,400 units and B = 3,600 units

Reorder period - A = 4 to 6 weeks and B = 2 to 4 weeks

Calculate a) Reorder level b) Minimum level c) Maximum level d) Average stock level

OR

- C) Compute EOQ and the total variable cost for the following:

7 Marks

Annual Demand = 5000 units

Unit price = Rs.20.00

Order cost = Rs.16.00

Storage rate = 2% per annum

Interest rate = 12% per annum

Obsolescence rate = 6% per annum

Determine the total variable cost results for the items if an incorrect price of Rs.12.80 is used.

- D) Advantages and disadvantages of Time Rate System

8 Marks

Q.4)

- A) The net profits of Nidhi Limited according to financial accounts was 84,377 while profits shown by cost accounts were 106,200 for the same year. Prepare reconciliation statement to reconcile both the profits from the following information:

7 Marks

Depreciation charged in financial accounts 5,600

5600



Depreciation charged in cost accounts	6250
Works overheads under absorbed in cost accounts	1560
Office overheads over-recovered in cost accounts	850
Interest on loans (credit) not included in cost accounts	4000
Loss due to obsolescence charged in financial accounts	2850
Bank interest and dividends received	375
Income-Tax paid	20,150
Loss due to depreciation in inventories charged in financial accounts	3375
Stores adjustment credited in financial accounts	237

- B) From the following particulars, prepare a Cost Sheet of Polar energy. **8 Marks**
- |  |  |
|--|--|
| Opening stock of raw materials - 20,000  | Closing stock of raw material - 75,000     |
| Opening stock of Work-in-progress-10,000 | Closing stock of Work-in-progress - 15,000 |
| Opening stock of Finished goods - 50,000 | Factory overhead - 80,000                  |
| Raw materials purchase - 5,00,000        | Direct Expenses- 50,000                    |
| Direct wages - 3,80,000                  | Office & Administrative overhead -60,000   |
| Sales for the year - 12,00,000           | Selling & Distribution expenses - 30,000   |
| Closing stock finished goods - 50,000    |  |

OR

- 04 C) From the following information of Gems Ltd. for the year 2013 you are required to prepare the cost sheet. **15 Marks**

Particulars	Amt.	Particulars	Amt.
Stock of raw materials (1.1.2013)	50,000	Purchase of raw materials	1,70,000
Stock of raw materials (31.12.2013)	80,000	Carriage inward	10,000
Direct wages	1,50,000	Indirect wages	20,000
Other Direct Charges	30,000	Office rent and rates	1,000
Factory rent and rates	10,000	Indirect consumption of materials	1,000
Depreciation on plant	3,000	Depreciation on plant	200
Salesman salary	4,000	Salary to office supervisor	5,000
Other factory expenses	11,400	General Manager's	4,000



General Manager's Remuneration	8,000	Remuneration Office	
Factory		General Manager's	12,000
Other selling expenses	2,000	Remuneration Selling Dept.	
Carriage and Freight outward	2,000	Traveling expenses of	2,200
Advertisement	4,000	salesman	
		Sales	5,00,000

Q.5] Write Short Notes. (Any 3 )

- 1) Important objectives of inter-firm comparison
- 2) Explain classification of ratios based on function
- 3) Explain Benchmarking process
- 4) Explain advantages of Benchmarking
- 5) Advantages of Target Costing

15 Marks

OR

- 1) Explain Meaning and steps involved in Target costing

15 Marks