

## B.Com. Part-III (Semester-V) Examination

## COST ACCOUNTING

Time : Three Hours]

[Maximum Marks : 80

**Note** :—(1) All questions are compulsory.

(2) Each question carries equal marks.

## SECTION-A

1. The installation of a \_\_\_\_\_ system will create confidence in the minds of public about the fairness of the prices charged.
  - (a) Costing
  - (b) Financial accounting
  - (c) Management accounting
  - (d) Information
2. The exact cause of increase or decrease in profit or loss is disclosed by \_\_\_\_\_.
  - (a) Management accounting system
  - (b) Financial accounting system
  - (c) Cost accounting system
  - (d) Management information system
3. Data required for the fixation of selling price is provided by \_\_\_\_\_.
  - (a) Management accounting system
  - (b) Financial accounting system
  - (c) Cost accounting system
  - (d) All of these
4. \_\_\_\_\_ is a small segment of activity or responsibility for which cost are accumulated.
  - (a) Cost centre
  - (b) Revenue centre
  - (c) Profit centre
  - (d) Responsibility centre
5. Cost centres are created for \_\_\_\_\_.
  - (a) Segregating costs into fixed and variable
  - (b) Control and fixing responsibility
  - (c) Making decisions
  - (d) Ascertaining profit
6. Thread in garments is an example of \_\_\_\_\_.
  - (a) Direct materials
  - (b) Prime cost
  - (c) Variable cost
  - (d) Indirect materials
7. Profit on sales = ?, if cost of sales is Rs. 4,00,000 and profit on sales percentage is 20%.
  - (a) Rs. 1,20,000
  - (b) Rs. 1,25,000
  - (c) Rs. 1,30,000
  - (d) Rs. 1,00,000
8. Statement of Cost is called \_\_\_\_\_.
  - (a) Cost Sheet
  - (b) Wage Sheet
  - (c) Overhead Sheet
  - (d) P/L Account

9. If Direct Material = Rs. 22,000, Direct Labour = Rs. 18,000 and Other Direct Cost = Rs. 20,000 then what will be the Prime Cost ?
- (a) Rs. 42,000 (b) Rs. 44,000  
(c) Rs. 50,000 (d) Rs. 60,000
10. Transfer Fees received is \_\_\_\_\_.
- (a) Purely Financial Income (b) Purely Costing Income  
(c) National Charges (d) Purely Financial Charge
11. In Reconciliation Statement over-valuation of opening stock in Cost Account is added with \_\_\_\_\_.
- (a) Costing Profit (b) Financial Profit  
(c) Gross Profit (d) Financial Loss
12. The Costing System applicable to Oil Refining Industry is \_\_\_\_\_.
- (a) Process Costing (b) Unit Costing  
(c) Job Costing (d) Operating Costing
13. In reconciliation which item is added in Cost Profit ?
- (a) Overcharged Overheads (b) Undercharged Overheads  
(c) Overvaluation of Closing Stock (d) None of these
14. Overheads are also known as \_\_\_\_\_ cost.
- (a) Supplementary (b) Direct  
(c) Prime (d) Fixed
15. The cost which changes according to the changes in the volume of production is called :
- (a) Fixed Cost (b) Variable Cost  
(c) Direct Cost (d) Indirect Cost
16. \_\_\_\_\_ Cost centre consists of persons or machines carrying out similar operations.
- (a) Personal (b) Production  
(c) Operation (d) Impersonal
17. Abnormal Loss is equal to :
- (a) Input – Actual Output (b) Actual Output – Normal Output  
(c) Normal Output – Actual Output (d) Actual Output – Input
18. An abnormal gain in a process occurs in which of the following situations ?
- (a) When actual losses are greater than the normal loss level  
(b) When costs are reduced through increased machine speed  
(c) When actual losses are less than the normal level  
(d) When the process output is greater than planned

19. How do you define direct cost, also referred to as :
- (a) Chargeable expenses (b) Other expenses  
(c) Overhead expenses (d) Major expense

20. Calculate the prime cost from the following information :

Direct material purchased : Rs. 1,00,000

Direct material consumed : Rs. 90,000

Direct Labour : Rs. 60,000

Closing Stock : Rs. 80,000

(a) Rs. 1,80,000

(b) Rs. 2,00,000

(c) Rs. 1,70,000

(d) Rs. 2,10,000

20×1=20

### SECTION-B

1. What are the limitations of Cost Accounting ? 4

**OR**

What are the difference between Cost Accounting and Financial Accounting ? 4

2. From the following particulars prepare Cost Sheet :

<b>Particulars</b>	<b>Rs.</b>
Raw Materials consumed	40,000
Wages	24,000
Factory Overheads	16,000
Office Overheads 10% on Work Cost	
Selling Overheads	2,000
Net profit 10% on Selling Price.	4

**OR**

Prepare the proforma of 'Cost Sheet'. 4

3. What are the objectives of preparing a Tender sheet ? 4

**OR**

Find out the per unit selling price, if the per unit expenditure is as follows :

**Rs.**

Material 1,400

Wages 800

Factory overhead 75% on wages,  
administrative overhead are 20% on Factory Cost.

Selling Expenses Rs. 480 per unit.

25% profit to be earn on selling price. 4

4. Give the detailed proforma of Reconciliation Statement. 4

**OR**

From the following information prepare reconciliation statement :

<b>Particulars</b>	<b>Cost Books</b>	<b>Financial Books</b>	
	<b>Rs.</b>	<b>Rs.</b>	
Profit as per Cost Book	58,500	---	
Office overheads	16,500	15,400	
Selling expenses	12,600	11,200	
Factory overheads	10,500	12,000	
Interest on Debentures	---	2,000	4

5. Prepare the proforma of "Process Account". 4

**OR**

Prepare Process 'A' Account from the following information :

<b>Particulars</b>	<b>Rs.</b>	
Materials (15,000 Tons)	6,55,000	
Labour Charges	3,50,000	
Power	80,000	
Send to Warehouse	30%	
Transfer to Next Process	70%	
Normal Wastage	10%	
Selling price of Wastage Rs. 40 per Ton.		4

**SECTION-C**

1. Explain the term "Cost Accounting". 8

**OR**

Explain the difference between Cost Accounting and Financial Accounting. 8

2. Prepare cost sheet for the month of 31<sup>st</sup> March 2018 from the following information :

<b>Particulars</b>	<b>Rs.</b>
<b>Stock in Hand 1<sup>st</sup> March 2018 :</b>	
Raw Materials	25,000
Finished Goods	17,360
Purchase of Raw Materials	21,900
Work in Progress 1st March 2018	8,220
Sales of Finished Goods	72,310
Transfer Fees	1,000

<b>Particulars</b>	<b>Rs.</b>
Work Exp.	8,340
Selling & Distribution Exp.	4,210
Direct Wages	17,150
Income Tax	1,800
Preliminary Exp.	800
Administrative Exp.	3,160
Non Productive Wages	830
Donation	2,000
Work in Progress 31 <sup>st</sup> March 2018	9,100

**Stock in Hand 31<sup>st</sup> March 2018 :**

Raw Materials	26,250	
Finished Goods	15,750	8

**OR**

Bombay Manufacturing Company submits the following information on 31.03.2019 :

<b>Particulars</b>	<b>Rs.</b>	
Sales for the year	2,75,000	
<b>Inventories at the beginning of the year :</b>		
Raw Materials	3,000	
Work in Progress	4,000	
Finished Goods	1,10,000	
Purchase of Material	65,000	
Direct Labour	6,000	
<b>Inventories at the end of the year :</b>		
Raw Materials	4,000	
Work in Progress	6,000	
Finished Goods	8,000	
<b>Other expenses for the year :</b>		
Selling expenses	27,500	
Administrative Exp.	13,000	
Factory Overheads	40,000	
Prepare Statement of Cost.		8

3. Prepare the tender sheet from the following information. Percentage of work oncost to wages is 20% and percentage of office oncost to factory cost is 10%. Company intends to send a tender of a machinery. Production section estimated that it will require material of Rs. 40,000 and Wages Rs. 30,000. The Tender is to be made at a net profit of 20% on selling price. 8

**OR**

The Accounts of Pleasant Company Ltd. show for 2021 :

	<b>Rs.</b>
Material	3,50,000
Labour	2,70,000
Factory Overheads	81,000
Administration Overheads	56,080

What price should be quoted for a Refrigerator ?

It is estimated that Rs. 1,000 in Material and Rs. 700 in Labour will be required for one Refrigerator.

Absorb factory overheads on the basis of labour and administration overheads on the basis of work cost.

A profit of 12.5% on selling price is required. 8

4. Following difference in the financial books and cost books are revealed :

<b>Particulars</b>	<b>Cost Books</b>	<b>Financial Books</b>	<b>Difference</b>
	<b>Rs.</b>	<b>Rs.</b>	
Profit	?	15,980	
Opening Stock of Finished Goods	3,250	1,900	1,350
Closing Stock of Finished Goods	5,430	4,250	1,180
Bank Interest Paid	-----	1,200	1,200
Dividend Received	-----	950	950

Find out the Profit as per Cost Books. 8

**OR**

A Company shows the profit as per cost book of Rs. 84,350. The following figures are to be found out after comparing both the books.

<b>Particulars</b>	<b>Financial Book</b>	<b>Cost Book</b>
<b>Opening Stock :</b>		
Material	16,300	15,800
Working Progress	10,000	9,000
<b>Closing Stock :</b>		
Material	15,000	16,000
Working Progress	8,000	9,000
Dividend Received	500	-
Loss on Sale of Motor	600	-
Interest paid	-	2,000
Write off – Goodwill	5,000	-
Factory Overheads	56,500	60,000

5. What is Process Costing ? Explain characteristics of Process Costing.

8

**OR**

From the following information prepare Process accounts for Process 'A' and Process 'B' only.

<b>Particulars</b>	<b>Process</b>		
	<b>A</b>	<b>B</b>	<b>C</b>
Transfer to Next Process	66.67%	60%	-
Transfer to Godown	33.33%	40%	100%
Materials	1,400	160	1,260
Rate of Material per Ton Rs.	10	16	7
Wages & Other Exp.	5,152	3,140	2,898

In each Process 4% Loss in weight and scrap 6%. Scrap is sold per Ton Process 'A' Rs. 3, Process 'B' Rs. 5 and Process 'C' Rs. 6 per Ton.

8