

Time: 3 Hours

Total Marks: 100

Instructions:

- i. Figures to the right indicate full marks.
- ii. Working notes should form part of your answers.
- iii. Use of simple calculator is allowed.

Reg.
15/10/2025

Q1 A. Select the most appropriate option and rewrite the full sentence. (ANY 10) (10)

1. Order should be placed with the supplier when the inventory touches:
 - a. Maximum level
 - b. Re-order level
 - c. Minimum level
 - d. Danger level
2. A worker is allowed 60 hours to complete a job on a guaranteed wage of ₹ 10 per hour. He completes the job in 48 hours. How much will he get under Halsey Plan?
 - a. ₹ 540
 - b. ₹ 450
 - c. ₹ 640
 - d. ₹ 700
3. Machine breakdown is treated as:
 - a. Normal Idle time
 - b. Abnormal Idle time
 - c. Overtime
 - d. Administration overheads
4. Depreciation on machine is apportioned on the basis of
 - a. Horse Power Machines
 - b. Labours hours
 - c. Labour cost
 - d. Machine cost
5. Pilferages while holding inventory is a part of:
 - a. Administrative cost
 - b. Ordering cost
 - c. Carrying cost
 - d. Selling cost
6. Opening stock of material is ₹ 5,000 purchases ₹ 30,000, closing stock of materials ₹ 2,000. Cost of material used is:
 - a. ₹ 33,000
 - b. ₹ 30,000
 - c. ₹ 35,000
 - d. ₹ 40,000
7. Employee welfare expenses are allocated on the basis of
 - a. Machine hours
 - b. labours hours
 - c. Number of employees
 - d. prime cost
8. Direct expenses are also known as:
 - a. Chargeable expenses
 - b. Work cost
 - c. Factory cost
 - d. Administration cost
9. Under Piece rate system workers are paid wages on:
 - a. Time rate basis
 - b. Piece rate basis
 - c. Time saved basis
 - d. Per day basis
10. Electricity charges are allocated on the basis of
 - a. Factory cost
 - b. cost of machines
 - c. Labour hours
 - d. Number of light points
11. Demonstration expenses is an element of:
 - a. Selling and Distribution overheads
 - b. Work cost
 - c. Factory cost
 - d. Administration cost
12. Dividend paid is recorded in:
 - a. Selling and Distribution overheads
 - b. Work cost
 - c. Factory cost
 - d. Financial accounting

Q1 B. State whether the following statements are True or False. (ANY 10) (10)

1. Prime cost is the total of direct materials, direct wages and production overheads.
2. Production cost includes only direct costs related to the production.

3. Goodwill written off appears only in cost accounts.
4. Closing Stock of work-in-progress is added to work overheads.
5. Dividend received increases financial profit.
6. Cost Accounting provides data for managerial decision-making.
7. A profitable business concern does not need costing system.
8. The stock in hand may exceed the maximum stock level.
9. Stores ledger shows movement of materials showing quantity and value.
10. Under Perpetual Inventory System, store balance is ascertained after every receipt and issue of material.
11. Under FIFO Method, materials purchased first are deemed to be issued last.
12. The Objective of Time Booking is ascertainment of labour cost.

Q2 A. ADG Ltd. furnishes to you the following information for the year ended 31st March, 2024: (20)

Production and Sales	10,000 units
Sales	Rs. 50,00,000
Direct Materials	Rs. 15,00,000
Direct Wages	Rs. 7,50,000
Direct Expenses	Rs. 4,50,000
Factory Overheads	Rs. 3,75,000
Administrative Overheads	Rs. 10,50,000
Sales Overheads	Rs. 6,00,000

The following changes are estimated in the subsequent year:

- (1) Production and sales activity will be increased by 50%.
- (2) Material rate will be increase by 20%.
- (3) Direct wages cost would be reduced by 10% due to automation.
- (4) Direct Expenses per unit will increase by 10%.
- (5) Factory Expenses will increase by 20% in total.
- (6) Total administrative overheads will be lower by Rs. 1,50,000.
- (7) Sales overheads per unit would remain the same.
- (8) Sales would be 120% of cost of sales.

Prepare a statement of cost for both the years ending 31st March, 2024 and estimated cost sheet as on 31st March, 2025. showing maximum possible details of cost.

OR

Q2 B. From the following particulars prepare Cost Sheet showing various elements of Cost: (20)

Particulars	Rupees
Carriage Outwards	57,000
Closing Stock of Finished Goods	1,00,480
Closing Stock of Raw Materials	73,840
Closing Stock of Work-in-Progress	2,40,520
Depreciation on Factory Buildings	1,50,400
Direct Power	51,680
Direct Wages	8,42,800
Factory Stationery	24,680
Fees to Brand Ambassador	4,00,000
Free Sample Expenses	40,640
Office Rent	1,20,000

Opening Stock of Finished Goods	90,560
Opening Stock of Raw Materials	2,20,000
Purchases of Raw Materials	16,50,000
Rent, Rates and Insurance – Factory	20,280
Sales of Factory Scraps	2,920
Staff Salaries	12,60,000
Stationery and Printing	24,400
Technical Directors Salary	81,180
Trade Discount	2,40,000

Sales are made to earn profit @20% on Cost Price.

Q3. Attempt 3A and 3B OR 3C and 3D

Q3 A. Pride Ltd. manufactures a special product X and provides you the following information.

Demand for X is 1,000 units per year.

The annual carrying cost is 12%.

Raw material required per unit of finished product = 20kg.

Ordering cost per order is Rs. 900 and the price of material is Rs.250 per kg.

You are required to calculate the EOQ, Total annual carrying cost, number of orders per year and ordering cost per year. (10)

Q3 B. From the following, prepare a statement of reconciliation and find-out profit/loss as per financial records. (10)

Particulars	Rs
Profit as per Cost Records	1,60,000
Interest on Bank loan	2,000
Provision for Income Tax	40,000
Loss on sale of Asset in Financial A/c	5,000
Interest received	6,000
Depreciation in Financial A/c	12,200
Depreciation in Cost A/c	13,500

Prepare statement of Reconciliation between Costing Profit and Financial Profit

OR

Q3 C. From the following details find the amount of closing stock under weighted average method for the month of September 2025. (10)

1.9.25 Opening Stock: 500 units at ₹10 each			
Purchases		Issues	
5.9.25	300 units at ₹12 each	10.9.25	200 units
15.9.25	200 units at ₹14 each	20.9.25	500 units
25.9.25	400 units at ₹16 each	30.9.24	300 units

Q3 D. From the following, prepare a statement of reconciliation. The net profit of Shivansh Ltd shown by cost accounts for the year ended 31st March 2025 was Rs 5,82,000 and by financial accounts for the same period was Rs 4,00,000. A scrutiny of the figures of the financial accounts and the cost accounts revealed the following facts: (10)

Particulars	Rs
Office overhead under recovered in cost accounts	15,000
Depreciation over charged in financial accounts	9,000
Income tax provided in financial accounts	1,50,000
Loss of stock due to fire charged in financial accounts	20,000
Factory overhead over-recovered in cost accounts	12,000

Prepare a reconciliation statement by taking Financial profit as base

Q4. Attempt 4A and 4B OR 4C and 4D

Q4 A. 'A' an employee of MNH Co. gets the following emoluments and benefits:

- Salary Rs.3,000 per month
- Dearness Allowance Rs.5,000 per month
- Employer's contribution to PF. 10% of Salary and DA
- Employer's contribution to ESI 5% of Salary and DA
- Bonus 25% of Salary and DA
- Other allowances Rs.30,000 per annum

'A' works for 2,200 hours per annum, out of which 200 hours are non-productive but treated as normal idle time. You are requested to find out the Effective hourly cost of 'A'. (10)

Q4 B. From the following particulars, calculate the Machine Hour Rate of a Machine installed in a department: (10)

Particulars	
Cost of Machine	Rs 16000
Estimated scrap value after expiry of its life (15 Years)	Rs 1000
Estimated Working Hours of the Machine per year	2000 Hours
Monthly Salary of a Foreman engaged in supervision of this machine and another two identical machines	Rs 1500
Repairs and Maintenance for the machine	Rs 2400 Per Year
Insurance Premium for the Machine	Rs 120 Per Year
Department Rent and Rates	Rs 1200 Per Year
Space Occupied by the machine	1/6 th of the Floor Space of the department
Power Consumption of the Machine	2 Units Per Hour @ 10 Paise Per Unit

OR

Q4 C. From the following particulars workout, the earnings for the week of a worker under:

- Straight piece rate
- Differential piece rate.
- Halsey Premium System
- Rowan Plan

Number of working hours per week 48

Wages per hour Rs.15

Normal output per week 120 pieces

Actual output for the week 168 pieces

Time allowed for actual production 56 hours per week

Differential piece rate 80% of the piece rate when output is below standard and 120% above standard.

(10)

Q4 D. S Ltd. has three Production Departments (A, B and C) and one Service Department D. Expenses for the period of 12 months are as follows:

(10)

Particulars	Rupees
Canteen Expenses	32500
Depreciation on Machinery	110000
Electricity	28000
Indirect Wages	26000
Power	41250
Rent	180000

Additional Information:

Particulars	Dept. A	Dept. B	Dept. C	Dept. D
Cost of Machine (Rupees)	75,000	90,000	1,20,000	15,000
Direct Wages (Rupees)	18,000	21,000	27,000	12,000
Floor Space (Square Feet)	450	375	675	300
H.P. of Machines	195	90	90	120
Light Points (Number)	21	21	27	15
Number of Workers	6	9	18	6

Show Primary Distribution of Overheads.

Q5. A. Answer the following: (10 marks each)

(20)

- Explain the Classification of cost based on Behaviour of cost?
- Explain the ABC classification system of inventory control?

OR

Q5 B. Write short notes on any FOUR of the following:

(20)

- Criticisms related to Cost Accounting System
- Maximum Stock Levels
- Rowan System
- Semi-Variable Overhead
- Items appearing in Financial Accounts only and not in cost accounts for reconciliation
- Distinction between Cost Allocation and Cost Apportionment
