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.**

Q1. A. Select the most appropriate option and rewrite the full sentence. (Any 10) **(10 marks)**

1. Cost of Production is equal to _____
   a) Factory cost + Administrative overheads
   b) Factory cost + Prime cost
   c) Administrative overheads + Selling overheads
   d) Prime cost + Selling overheads

2. _____ is not a function of cost accounting
   a) Cost ascertainment c) Decision making
   b) External reporting d) Planning and Controlling

3. Tea and Lunch break is _____
   a) Normal Idle time c) Overtime
   b) Abnormal Idle time d) Abnormal Loss

4. Warehouse expenses is an example of _____
   a) Production Overheads c) Distribution overheads
   b) Selling overheads d) Prime cost

5. Maximum Inventory level shows :
   a) Minimum inventory c) EOQ
   b) Maximum inventory to be kept d) Re-order of Inventory

6. Power is allocated on the Basis of
   a) Horse Power of Machine c) Area occupied by the Machine
   b) No. of Workers d) Labour Hours

7. Research cost should be treated as :
   a) Production overheads c) Period Cost
   b) Variable cost d) Selling Cost

8. Drawing and designing is cost of :
   a) Factory overheads c) Selling overheads
   b) Administration Overheads d) Distribution overheads

9. Average inventory is :
   a) Opening inventory c) $\frac{Opening\ inventory + closing\ inventory}{2}$
   b) Closing inventory d) $\frac{Opening\ inventory - closing\ inventory}{2}$

10. With the Increase of production, Variable cost per unit remains ____.
    a) Constant c) Increases
    b) Flexible d) Decreases

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11. Material inspection note is signed by the :
    a) Inspector c) Cost accountant
    b) Storekeeper d) Auditor

12. Fixed And Variable Overheads are classified on the basis of
    a) Elements c) Behaviour
    b) Functions d)Total Cost

Q1 B **State whether the following statements are True or False (any ten):** **(10 marks)**

1. Carriage on material increases cost of materials.
2. EOQ is also called as re-order quantity.
3. Payroll shows Gross wages.
4. Piece Rate Plan motivates the efficient workers.
5. Machine Breakdown is Abnormal idle time.
6. Overvaluation of opening stock in costing decreases costing profit.
7. Power cost is allocated over the departments on the basis of Horse Power of machines.
8. Order should be placed with the supplier when Inventory touches maximum level.
9. Purchase order is prepared by marketing manager.
10. Under FIFO Method, materials purchased first are deemed to be issued last.
11. The stock in hand may exceed the maximum stock level.
12. Job card records idle time.

Q.2.A. **(20 marks)**

NMT Ltd. gives you the following particulars for the year ended 31st March 2025. Production and sales during the year were 10,000 units.

Particulars	Rs.	Particulars	Rs.
Direct Materials	5,00,000	Factory Overheads:	
Direct Wages	3,00,000	Fixed	2,00,000
Administrative Overheads (Fixed)	2,00,000	Variable	4,00,000
Sales	24,00,000	Selling & Distribution Overheads:	
Profit	5,00,000	Fixed	1,20,000
		Variable	1,80,000

The company has worked to its maximum capacity of 10,000 units during 2024-25. The management has decided to increase production capacity to 15,000 units for the year 2025-26, and it is estimated that:

a) Direct Materials and Direct Wages cost per unit will remain unchanged.
b) There will be all round rise in all variable expenditure per unit by 10%.
c) There will be an increase of 20% in all fixed overheads.
d) There will be no need to change the selling price for the year 2025-26.

Prepare a statement showing total as well as unit cost and profit for the year ended 31st March 2025. Also, prepare a statement showing estimated profit for the year ending 31st March 2026, taking into consideration the changes in 2025-26.

OR

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Q.2.b) **(20 marks)**

The following details are furnished by Bharat Ltd of expenses incurred during the year ended 31st March 2025.

Particulars	Rs.
Purchase of Raw Materials	9,60,000
Direct Wages	4,40,000
Factory Rent	1,40,000
Cost of Catalogues	68,400
Depreciation on Plant and Machinery	76,000
Cost of Plant and Machinery Purchased	5,00,000
Opening Stock of Raw Materials	1,00,000
Repairs of Office Furniture	50,000
Carriage Outwards	53,200
Interest on Loans	24,000
Closing Stock of Raw Materials	60,000
Loss on Sale of Furniture	20,000
Office Salaries	1,10,000
Store Keepers Salary	36,000
Depreciation of Office Equipment's	40,000
Cost of Pattern	3,60,000
Material Handling Charges	20,000

Other Information:

a) Stock of Finished goods at the end of the year, 1,000 units to be valued at the cost of production.
b) The number of units produced during the year was 20,000 units.
c) Profit desired on sales is 20%.

Prepare a Cost Sheet showing the various cost elements, both in total and per unit, and also find the total profit and per-unit profit.

Q.3.A. **(10 marks)**

A food processing company uses 2,500 units of a raw material every quarter. The cost of placing an order is Rs.250, and the annual carrying cost is Rs.20. Find the EOQ.

Q3.B. **(10 Marks)**

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

PARTICULARS	Rs
Profit as per Cost Records	1,50,000
Interest on Bank loan	22,000
Provision for Income Tax	20,000
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

OR

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Q.3.C. **(10 marks)**

The following details are available with respect of material required by a company.

1st January 2026.	Opening stock.	200 kg @ Rs.20 per kg.
10th January 2026	Purchases	100 kg @ Rs.25 per kg
15th January 2026	Issued	150 kg
20th January 2026	Purchases	200 kg @ Rs.27 per kg.
31st January 2026	Issued.	150 kg.

Calculate the value of closing stock under the weighted average method.

Q3.D. **(10 Marks)**

From the following, prepare a statement of reconciliation by taking financial profit as the starting point. The net profit of Tisha ltd shown by cost accounts for the year ended 31st March 2025 was Rs 4,82,000 and by financial accounts for the same period was Rs 3,00,000. A scrutiny of the figures of the financial accounts and the cost accounts revealed the following facts:

PARTICULARS	Rs
Office overhead under recovered in cost accounts	5,000
Depreciation over charged in financial accounts	19,000
Income tax provided in financial accounts	1,30,000
Loss due to depreciation in stock values charged in financial accounts	40,000
Factory overhead over-recovered in cost accounts	12,000

Q4.A. **(10 Marks)**

Calculate the Earnings of workers A, B and C for the particular month.
Also calculate Labour Cost of workers A, B and C.

	A	B	C
(i) Basic Wages	Rs.500	Rs.650	Rs.850
(ii) Dearness Allowance	50%	50%	50%
(iii) Contribution to Provident Fund (on Basic wages and D.A.)	10%	10%	10%
(iv) Contribution to Employee's State Insurance (on Basic wages and D.A.)	4%	4%	4%
(v) Overtime	Hours 10		

The Normal working hours for the month are 200. Overtime is paid at double the total of basic wages and dearness allowance. Employer's and Employee's contribution to Employee's State Insurance and Provident Fund are at equal rates.

Q4.B. **(10 Marks)**

Calculate the machine hour rate from the following details:

1.	Cost of machinery	Rs 45000
2.	Installation charges	Rs 5000
3.	Life of machine	5 years
4.	Working hours per year	2500
5.	Repair charges	75% of depreciation
6.	Electric power consumed	10 units per hour @ 15 paise per unit
7.	Lubricant oil	Rs 4 per day of 8 hours
8.	Consumable stores	Rs 10 per day of 8 hours
9.	Wages of machine operator	Rs 8 per day of 8 hours

OR

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Q4.C. **(10 marks)**

A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is Rs.81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be the earnings per hour of that worker under Halsey (50% sharing) and Rowan Bonus Schemes?

Q4.D. **(10 Marks)**

Compute the machine hour rate per hour to cover the overhead expenses indicated below:

Sr. No.	Particulars	Per hour
1	Electric power	75 paise
2	Steam	10 paise
3	Water	2 paise

Sr. No.	Particulars	Per annum
1	Repairs	Rs 400
2	Rent	Rs 300
3	Running hours	2000

Cost of Machine is Rs.12,500. Charge Depreciation @ 7 ½ % per annum on straight line method.

Q5. Answer the following:

a. Distinguish between Financial accounting and cost accounting? **(10 marks)**

b. Distinguish between Allocation and Apportionment of overheads? **(10 marks)**

OR

Q5Writeshort notes on any four of the following: **(20 marks)**

a. Criticism against Cost Accounting.
b. Inventory turnover ratio
c. Causes of Labour Turnover
d. Under-Absorption of overheads
e. Items appearing in Cost Accounts only while preparing reconciliation statement
f. Cost of sales in cost sheet

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