



Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15 × 2 = 30]

- (i) \_\_\_\_\_ is a method of dealing with overheads which involves spreading common costs over cost centers on the basis of benefit received.
- overheads absorption
  - overheads apportionment
  - overheads allocation
  - overheads analysis
- (ii) Calculate the Economic Order Quantity from the following information.  
placed in a year.  
Consumption of materials per annum : 10,000 kg  
Order placing cost per order : ₹ 50  
Cost per kg of raw materials : ₹ 2  
Storage costs : 8% on average inventory
- 10,000
  - 50
  - 4
  - 2,500
- (iii) Under Taylor's differential piece rate scheme, if a worker fails to complete the task within the standard time, then he is paid
- 83% of the piece work rate
  - 175% of the piece work rate
  - 67% of the piece work rate
  - 125% of the piece work rate
- (iv) CAS 6 focuses on
- Material Cost
  - Employee Cost
  - Activity-Based Costing
  - Repairs and Maintenance Cost



COST ACCOUNTING

- (v) Which section of the Companies Act, 2013, deals with the adoption and adherence to Cost Accounting Standards (CAS)?
- Section 135
  - Section 148
  - Section 170
  - Section 184
- (vi) When costing loss is ₹ 5,600, administrative overheads under-absorbed being ₹ 600, the loss as per financial accounts should be \_\_\_\_\_ .
- ₹ 5,000
  - ₹ 5,600
  - ₹ 6,200
  - None of the above
- (vii) In Reconciliation Statement, incomes shown only in financial accounts are:
- Added to financial profit
  - Deducted from financial profit
  - Ignored
  - Deducted from costing profit
- (viii) Job Costing is used in:
- Furniture making
  - Repair shops
  - Printing press
  - All of the above
- (ix) A road building company has the following data concerning one of its contracts.
- Contract price ---- ₹11,200,000
- Cost of work certified to date ---- ₹ 3,763,200
- Estimated costs to completion ----- ₹ 2,956,800
- No difficulties are foreseen on the contract.
- The profit to be recognised on the contract to date is ₹ \_\_\_\_\_
- ₹ 25,88,000
  - ₹ 25,80,800
  - ₹ 20,58,800
  - ₹ 25,08,800
- (x) Process B had no opening inventory. 13,500 units of raw material were transferred in at ₹4.50 per unit. Additional material at ₹1.25 per unit was added in process. Labour and overheads were ₹6.25 per completed unit and ₹2.50 per unit incomplete.
- If 11,750 completed units were transferred out, what was the closing inventory in Process B?



- a. ₹ 6,562.50
  - b. ₹ 12,250.00
  - c. ₹ 14,437.50
  - d. ₹ 25,375.00
- (xi) The cost of a product under marginal costing system includes:
- a. Prime cost plus variable overhead
  - b. Prime cost plus fixed overhead
  - c. Prime cost plus factory overhead
  - d. Only prime cost
- (xii) When sales exceeds production (in units) then profit under:
- a. Marginal costing is higher than that of absorption costing
  - b. Marginal costing is equal to that of absorption costing
  - c. Marginal costing is equal to that of absorption costing
  - d. None of the above
- (xiii) Which of the following would explain an adverse variable production overhead efficiency variance?
- 1. Employees were of a lower skill level than specified in the standard
  - 2. Unexpected idle time resulted from a series of machine breakdown
  - 3. Poor Quality material was difficult to process
- a. (1), (2) and (3)
  - b. (1) and (2)
  - c. (2) and (3)
  - d. (1) and (3)
- (xiv) Budgetary slack means:
- a. Understating revenue / overstating cost
  - b. Overstating revenue / understating cost
  - c. Estimation error due to uncertainty
  - d. Always due to fraud
- (xv) A static budget is one which:
- a. Changes with output
  - b. Remains unchanged despite output changes
  - c. Is too flexible
  - d. Is for govt only



## Section – B

(Answer any 5 questions out of 7 questions given. Each question carries 14 Marks)

[5 × 14 = 70]

2. (a) The cost structure of an article, the selling price of which is ₹ 90,000, is as follows:

|                  |     |
|------------------|-----|
| Direct materials | 50% |
| Direct labour    | 20% |
| Overhead         | 30% |

An increase of 15% in the cost of materials and of 25% in the cost of labour is anticipated. These increased cost in relation to the present selling price would cause a 25% decrease in the amount of present profit per article.

You are required:

- To prepare a statement of profit per article at present and
- The revised selling price to produce the same percentage of profit to sales as before. [7]

- (b) Two workers A and B, produce the same product using the same material. Their normal wage rate is also the same. A is paid bonus according to the Rowan system while B is paid bonus according to Halsey system. The time allowed to make the product is 100 hours. A takes 60 hours while B takes 80 hours to complete the product. The factory overhead rate is ₹ 20 per man hour actually worked. The factory cost for the product for A is ₹14,560 and for B it is ₹ 15,200.

Required to:

- Find the Normal Rate of Wages.
- Find the cost of materials.
- Prepare a statement comparing the factory cost of the products as made by the two workmen. [7]

3. (a) From the information given below, calculate machine hour rate for the machine No.13 assuming that:

- When setting time is productive and
- When setting time is unproductive.

|   |                      |
|---|----------------------|
| Cost of machine                         | ₹12,00,000           |
| Estimated scrap Value                   | ₹ 50,000             |
| Estimated Working Life                  | 16,000 hours         |
| Time required for maintenance           | 250 hours            |
| Productive working hours                | 2,200 hours per year |
| Setting up time                         | 5%                   |
| Cost of repairs                         | ₹1,60,000 per year   |
| No. of operators after 2 machines       | 2 persons            |
| Wages of Operator                       | ₹ 20,000 per month   |
| Chemicals required                      | ₹ 12,500 per month   |
| Overhead chargeable to this machine     | ₹ 22,500 per month   |
| Insurance premium                       | 1% per annum         |
| Power 20 units per hour @ ₹ 5 per unit. |                      |

[7]



## COST ACCOUNTING

- (b) From the following profit and loss account of Vijay Ltd., for the year 31st December 2022 and other information prepare a cost sheet and also a statement reconciling the profits under Cost accounting and Financial Accounting:

| Particulars                        | ₹         | Particulars                  | ₹         |
|------------------------------------|-----------|------------------------------|-----------|
| To Materials                       | 27,40,000 | By Sales (1,20,000 Units)    | 60,00,000 |
| To Wages                           | 15,10,000 | Finished Stock (4,000 Units) | 1,60,000  |
| To Factory Expenses                | 8,30,000  | Work in Progress             | 1,20,000  |
| To Administration Expenses         | 3,82,400  | By Dividend                  | 10,000    |
| To Selling Expenses                | 4,50,000  | By Bank Interest             | 8,000     |
| To Preliminary Expenses            | 40,000    |                              |           |
| To Goodwill Written-off            | 18,000    |                              |           |
| To Discount on Issue of Debentures | 2,000     |                              |           |
| To Net Profit                      | 3,25,600  |                              |           |
| Total                              | 62,98,000 |                              | 62,98,000 |

In cost accounts:

- Factory expenses have been allocated 20% of prime cost.
- Administration expenses at ₹ 3 per unit.
- Selling expenses at ₹ 4 per unit.

[7]

4. (a) Mr. Raja Sekhar runs Mini-Bus Service in the town and has two vehicles. He furnishes you the following data and wants you to compute the cost per running mile.

|                           | Vehicle A      | Vehicle B    |
|---------------------------|----------------|--------------|
|                           | ₹              | ₹            |
| Cost of Vehicle           | 25,000         | 15,000       |
| Road Licence (Per Year)   | 750            | 750          |
| Salaries (Yearly)         | 1,800          | 1,200        |
| Driver's Wage Per Hour    | 4              | 4            |
| Cost of fuel per Litre    | 1.50           | 1.50         |
| Maintenance per mile      | 1.50           | 2.00         |
| Tyre cost per Mile        | 1.00           | 0.80         |
| Garage Rent per year      | 1,600          | 550          |
| Annual Insurance Premium  | 850            | 500          |
| Miles run per Litre       | 6              | 5            |
| Miles Run During the Year | 15,000         | 6,000        |
| Estimated life of Vehicle | 1,00,000 Miles | 75,000 Miles |

Charge interest at 10% p.a. on the cost of Vehicle. The Vehicle runs 20 miles per hour on an average.

[7]

**INTERMEDIATE EXAMINATION****SET 1****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 8****SYLLABUS 2022****COST ACCOUNTING**

- (b) Modern Construction Limited obtained a Contract No. B-37 for ₹40 lakhs. The following balances and information relate to the contract for the year ended 31<sup>st</sup> March, 2026.

|                   | 1.4.2025 | 31.3.2026 |
|-------------------|----------|-----------|
| Work-in-progress  | ₹        | ₹         |
| Work Certified    | 9,40,000 | 30,00,000 |
| Work uncertified  | 11,200   | 32,000    |
| Materials at site | 8,000    | 20,000    |
| Accrued Wages     | 5,000    | 3,000     |

Additional information relating to the year 2015-2016 are:

| Particulars                  | ₹        | Particulars                         | ₹      |
|------------------------------|----------|-------------------------------------|--------|
| Material issued from store   | 4,00,000 | Share of General Overheads for B-37 | 18,000 |
| Materials directly purchased | 1,50,000 | Materials Returned to Store         | 25,000 |
| Wages paid                   | 6,00,000 | Materials Returned to Supplier      | 15,000 |
| Architect's Fees             | 51,000   | Fines and Penalties Paid            | 12,000 |
| Plant Hire Charges           | 50,000   |                                     |        |
| Indirect Expenses            | 10,000   |                                     |        |

The contractee pays 80% of work certified in Cash.

You are required to prepare:

- Contract Account showing clearly the amount of profits transferred to Profit and Loss Account.
- Contractee's Account.
- Balance Sheet.

[7]

5. (a) A Material used on building produced in three grades.

| Particulars                              | Process A | Process B | Process C |
|--|-----------|-----------|-----------|
| Raw Materials used (1,000 Tonnes) - ₹    | 2,00,000  |           |           |
| Wages (₹)                                | 87,500    | 39,500    | 10,710    |
| Weight Lost (% of Input)                 | 5%        | 10%       | 20%       |
| Scrap (Sale Price ₹ 50 per Tonne)        | 50 Tons   | 30 Tons   | 51 Tons   |
| Sale Price per Tonne of Finished Goods-₹ | 350       | 500       | 800       |

Management expenses were ₹ 17,500 and selling expenses ₹ 10,000. 2/3<sup>rd</sup> of the output of process A and 50% of output of process B are passes to the next process and the balances sold. The entire output of process C is sold. Prepare accounts and a statement of Profit.

[7]

- (b) The standard material inputs required for 1,000 kgs. of a finished product are given below:

| Material        | Quantity (in Kgs.) | Standard rate per Kg. (in ₹) |
|-----------------|--------------------|------------------------------|
| A               | 450                | 20                           |
| B               | 400                | 40                           |
| C               | 250                | 60                           |
|                 | 1,100              |                              |
| Standard Loss   | 100                |                              |
| Standard Output | 1,000              |                              |

**INTERMEDIATE EXAMINATION****SET 1****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 8****SYLLABUS 2022****COST ACCOUNTING**

Actual production in a period was 40,000 kgs. of the finished product for which the actual quantities of material used and the prices paid thereof are as under:

| Material | Quantity Used (In Kgs.) | Purchased Price per Kg (in ₹) |
|----------|-------------------------|-------------------------------|
| A        | 20,000                  | 19                            |
| B        | 17,000                  | 42                            |
| C        | 9,000                   | 65                            |

Required to Prepare:

- Material Cost Variance.
- Material Price Variance.
- Material usage Variance.
- Material Mix Variance.
- Material Yield Variance.

[7]

6. (a) The cost per unit of the three products A, B and C of a concern is as follows:

| Particulars         | A      | B     | C     |
|---------------------|--------|-------|-------|
|                     | ₹      | ₹     | ₹     |
| Direct Materials    | 10     | 8     | 9     |
| Direct Labour       | 6      | 7     | 6     |
| Variable Expenses   | 4      | 5     | 3     |
| Fixed Expenses      | 3      | 3     | 2     |
| Total Cost          | 23     | 23    | 20    |
| Profit              | 9      | 7     | 6     |
| Selling Price       | 32     | 30    | 26    |
| No of Unit Produced | 10,000 | 5,000 | 8,000 |

Produced arrangements are such that if one production is given up, the production of the others can be raised by 50%. The directors propose that product C should be given up. Do you agree? Analyze. [7]

- (b) The following set of information is presented to you by your client AB Ltd. producing two products X and Y.

| Particulars  | X  | Y  |
|--|----|----|
|  | ₹  | ₹  |
| i) Direct Materials (per Unit)   | 20 | 18 |
| ii) Direct Wages (per Unit)  | 6  | 4  |
| iii) Fixed overhead during the period is expected to be ₹ 1,600                    |    |    |
| iv) Variable overhead is allocated to products at the rate of 100% of direct wages |    |    |
| v) Sales Price per Unit (₹)  | 40 | 30 |
| vi) Proposed Sales Mix   |    |    |
| i) 100 units of X and 200 Units of Y   |    |    |
| ii) 150 units of X and 150 units of Y  |    |    |
| iii) 200 units of X and 200 units of Y   |    |    |



## COST ACCOUNTING

As a Cost Accountant, you are requested to calculate the management of AB Ltd., the following:

- i) The unit marginal Cost and Unit Contribution.
- ii) The total contribution and the resultant profit from each of the above sales mixes.
- iii) The proposed sales mixes to earn a profit of ₹ 300 and ₹ 600 with the Total Sales of X and Y being 300 Units. [7]

7. (a) XYZ Engineering Company limited manufactures two products X and Y. An estimate of the number of units expected to be sold in the first seven months of 2025 is given below:

| Particulars | Product X | Product Y |
|-------------|-----------|-----------|
| January     | 500       | 1,400     |
| February    | 600       | 1,400     |
| March       | 800       | 1,200     |
| April       | 1,000     | 1,000     |
| May         | 1,200     | 800       |
| June        | 1,200     | 800       |
| July        | 1,000     | 900       |

It is anticipated that:

- (a) There will be no work-in-progress at the end of any month.
- (b) Finished units equal to half the anticipated sales for the next month will be in stock at the end of each month (including December, 2024).

The budgeted production and production costs for the year ending 31<sup>st</sup> December, 2024 are as follows:

| Particulars   | Product X | Product Y |
|---|-----------|-----------|
| Production (Units)  | 11,000    | 12,000    |
| Direct Materials per Unit (₹)   | 12        | 19        |
| Direct Wages per unit (₹)   | 5         | 7         |
| Other manufacturing charges apportionable to each type of product (₹) | 33,000    | 48,000    |

You are required to prepare:

- i) A production budget showing the number of units to be manufactured each month.
- ii) A summarised production cost budget for the 6-month period-January to June 2025. [7]

- (b) Discuss the scope of:

- i) CAS 5.
- ii) CAS 12. [5+2=7]

8. Answer the following Questions:

- a) Differentiate Financial Accounting from Management Accounting. [4]
- b) Examine the basic qualities involved in the good purchasing procedure. [5]
- c) What are the items to be included and excluded under CAS 10? [5]