INTERMEDIATE EXAMINATION **SET 2**

MODEL QUESTION PAPER **TERM – DECEMBER 2025**

PAPER – 8 **SYLLABUS 2022**

COST ACCOUNTING

Time Allowed: 3 Hour **Full Marks: 100**

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

SECTION – A (Compulsory)

1. Choose the correct option: **[15 x 2 = 30]**

(i) Which among the following is not the type of cost accounting system?

(a) Historical Costing
(b) Absorption Costing
(c) Standard Costing
(d) Process Costing

(ii) The correct Idle time ratio is:

(a) $\frac{Idle\ Hours}{Total\ hours} \times 100$
(b) $\frac{Total\ hours}{Idle\ Hours} \times 100$
(c) Idle Hours × Total Hours
(d) Idle Hours × Hourly Rate

(iii) **Directors' remuneration and expenses form a part of:**

(a) Production Overhead
(b) Administration Overhead
(c) Selling Overhead
(d) Distribution Overhead

(iv) Which Cost Accounting Standard deals with Depreciation and Amortisation?

(a) CAS 16
(b) CAS 10
(c) CAS 9
(d) CAS 12

(v) Which Cost Accounting Standard deals with Repairs and Maintenance Cost?

(a) CAS 16
(b) CAS 10
(c) CAS 9
(d) CAS 12

(vi) What will be the journal entry for under-absorption of selling & distribution overhead as per Integrated Accounting System:

(a) Profit and loss A/c Dr.
To Selling & distribution overhead A/c

(b) Selling & distribution overhead A/c Dr.
To Profit and loss A/c

(c) Finished Goods Control A/c Dr.
To Selling & distribution overhead A/c

(d) Costing Profit and Loss A/c Dr.
To Selling & distribution overhead A/**c**

(vii) What is the objective of Reconciliation:
(a) To assure the mathematical accuracy and reliability of cost accounts
(b) To have proper control and ascertainment
(c) To ensure correct profit or loss in financial accounts
(d) All of the above

(viii) The type of process loss that should not be allowed to affect the cost of good units is called:
(a) Standard Loss
(b) Normal Loss
(c) Abnormal Loss
(d) Seasonal Loss

(ix) Value of work certified –
(a) Value of Contract × Work certified (%)
(b) Value of Contract × Work uncertified (%)
(c) Cost of work to date – (Cost of work uncertified+ Material in hand + Plant at site)
(d) Value of work certified- Payment made to contractor

(x) A hotel has 80 standard twin-bedded rooms. The hotel is fully occupied for each of the 350 days in each year that it is open. The total costs of running the hotel each year are₹ 33,60,000. What would be cost per unit per day?
(a) ₹120
(b) ₹122
(c) ₹240
(d) ₹102

(xi) ASA Ltd. manufactures a particular fountain pen called ASA Durga, incurring variable costs of ₹30 per unit and fixed costs of ₹20,000 per month. If the product sells for ₹50 per unit, then the breakeven point will be–

(a) 666.667
(b) 1000
(c) 400
(d) 250

(xii) Mrs. S sells a product at ₹20 each and the variable cost is ₹12 each and she sold 2000 units in the market. She also has incurred ₹5,000 fixed cost in producing such product. Determine the value of break-even point.

(a) 8333.33
(b) 12,500
(c) 27,500
(d) 50,000

(xiii) Which among the following is incorrect?

(a) Material Mix variance = (Revised standard quantity – Actual quantity) × Standard price
(b) b) Material Yield variance = (standard quantity–revised standard quantity) × Standard price
(c) Material Mix variance = (Revised standard quantity- actual quantity) × Standard price
(d) Material Usage Variance = (Standard price – actual quantity) × standard quantity

(xiv) Which is not the limitation of zero-based budget?

(a) It is very detailed procedure and naturally it is time consuming and lot of paperwork involved in the same

(b) Cost involved in preparation and implementation of this system is very low.

(c) Morale of the staff is very low as they feel threatened if a particular activity is discontinued

(d) Ranking of activities and decision-making may become subjective at times.

(xv) Budgets are shown in-terms:

(a) Qualitative
(b) Quantitative
(c) Materialistic
(d) Both(b) and (c)

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Prepare a Cost Sheet and identify the cost per ton of 'A'Grade Paper, manufactured by a paper mill in December 2024 from the following data:

Direct Materials:

Paper Pulp- 500 tons @Rs.52 per ton

Other Materials – 100 tons @Rs.30 per ton

Direct Labour:

80 Skilled Men @Rs.3 per day for 25 days
40 Unskilled Men @Rs.2 per day for 25 days.

Direct Expenses:

Special Equipment Rs.2,500
Special Dyes Rs.1,500

Works Overhead:

Variable @100%, and
Fixed @60% on direct wages

Administration overhead @20% and selling and distribution overhead @10% on works cost.
400 tons of special paper was manufactured and Rs.1,800 was realized by the sale of scrap material during the course of manufacture. The scrap value of the special equipment after utilization in manufacture is nil.

[7]

(b) The components A and B are used as follows:

Normal usage	300 units per week each
Maximum usage	450 units per week each
Minimum usage	150 units per week each
Re-order Quantity	A 2,400 units; B 3,600 units
Re-order period	A 4 to 6 weeks, B 2 to 4
weeks	

Calculate for each component:

i. Re-order Level.
ii. Minimum Level.
iii. Maximum Level.
iv. Average Stock Level. **[7]**

3.(a) Self-help Ltd generates and produces its own power Data for power costs are as follows:

	Production Departments		Service Departments	
	A	B	X	Y
Horsepower Hours	10,000	20,000	12,000	8,000
Needed at capacity production used during the month of May	8,000	13,000	7,000	6,000

During the month of May costs for generating power amounted to ₹ 9,300, of this ₹ 2,500 was considered to be fixed. Department X renders service to other Departments in the ratio of 13 : 6 : 1, while Y renders service to A and B in the ratio of 31 : 3. Given that the direct labour hours in Departments A and B are 1,650 hours and 2,175 hours respectively, calculate the power cost per labour in each of these two departments. **[7]**

(b) Pass the journal entries for the following transactions in a double entry cost accounting system:

	Particulars	Amount (₹)
(i)	Issue of Material:	
	Direct	5,50,000
	Indirect	1,50,000
(ii)	Allocation of wages and salaries:	
	Direct	2,00,000
	Indirect	40,000
(iii)	Overheads absorbed in jobs:	
	Factory	1,50,000
	Administration	50,000
	Selling	30,000
(iv)	Under / Over absorbed overhead:	
	Factory (Over)	20,000
	Administration (Under)	10,000

[7]

4. (a) A transport service company is running five buses between two towns, which are 50 kilometers apart. Seating capacity of each bus is 50 passengers. The following particulars are obtained from their books for April 2022.

Particulars	Amounts `(₹)
Wage of drivers, conductors and cleaners	2,40,000
Salaries of office staff	1,00,000
Diesel oil and other oil	3,50,000
Repairs and maintenance	80,000
Taxation, insurance etc.	1,60,000
Depreciation	2,60,000
Interest and other expenses	2,00,000
Total	13,90,000

Actual passengers carried were 75% of seating capacity. All buses ran on all day of the month. Each bus made one round trip per day. Calculate the cost per passenger kilometer. **[7]**

(b) A contractor has undertaken a construction work at a price of ₹ 5,00,000 and begun the execution of work on 1st January 2022. The following are the particulars of the contract up to 31st December, 2022:

Particulars	(₹)	Particulars	(₹)
Machinery	30,000	Overheads	8,252
Materials	1,70,698	Materials returned	1,098
Wages	1,48,750	Work certified	3,90,000
Direct expenses	6,334	Cash received	3,60,000
Uncertified work	9,000	Materials on 31.12.2021	3,766
Wages outstanding	5,380		
Value of Machinery on 31.12.2021	22,000		

It was decided that the profit made on the contract in the year should be arrived at by deducting the cost of work certified from the total value of the architect's certificate, that $\frac{1}{3}rd$ of the profit so arrived at should be regarded as a provision against contingencies and that such provision should be increased by taking to the credit of Profit & Loss Account only such portion of the $\frac{2}{3}rd$ profit, as the cash received to the work certified. Prepare the contract account for the year and show the amount taken to the credit of the Profit and Loss account. **[7]**

5.(a) The following particulars for Process II are given:

Particulars	Units	Amount (₹)
Transfer to Process II at cost	4,000	9,000
Direct Wages		2,000
Direct Material		3,000
Transfer to Finished Stock	3,240	

Factory overheads in process are absorbed at a rate of 400% of direct material. Allowance for Normal Loss is 20% of units worked. Scrap value of ₹ 5 per unit.

Demonstrate the cost of transfer to finished stock. Using the information supplied above, show the amount of gain or loss in the process to be taken to Costing Profit and Loss Account. **[7]**

(b) From the following you are required to calculate:

(i) Material Cost Variance

(ii) Material Price Variance

(iii) Material Usage Variance

Quantity of material purchased	3,000 units
Value of material purchased	₹ 9,000
Standard quantity of material required:	
for one tonne of finished product	25 units
Standard rate of material	₹ 2 per unit
Opening stock of material	NIL
Closing stock of material	500 units
Finished production during the period	80 tonnes

[7]

6. (a) The sales turnover and profit during two periods were as follows:

Period	Sales (₹)	Profit (₹)
1	2,00,000	20,000
2	3,00,000	40,000

Demonstrate

I. what would be probable trading results with sales of ₹ 1,80,000

II. what amount of sales will yield a profit of₹ 50,000? **[7]**

(b) Mr. Young has ₹ 1,50,000 investment in a business. He wants a 15% profit on his money. From an analysis of recent cost figures, he finds that his variable cost of operating is 60% of sales; his fixed costs are ₹ 75,000 per year. Calculate the following:

i. What sales volume must be obtained to break even?

ii. What sales volume must be obtained to his 15% return of investment?

iii. Mr. Young estimates that even if he closed the doors of his business, he would incur ₹25,000 expenses per year. At what sales would be better off by locking his sales up? **[7]**

7. (a) The Barker Company manufactures two models of adding machines, A and B. The following production and sales data for the month of June 2022 are given below :

Particulars	**A**	**B**
Estimated inventory (units) June 1	4500	2250
Desired inventory (units) June 30	4000	2500
Expected Sales Volume (units)	7500	5000
Unit sale price (₹)	75	120

Prepare a sales budget and a production budget for June 2022. **[7]**

(b) Briefly explain the cost accounting standard on material cost (CAS- 6). **[7]**

8. (a) Classify the objective of Cost Accounting. **[4]**

(b) Analyze the measurement of Labour Turnover? **[5]**

(c) Align the concept of EOQ. **[5]**