



**INTERMEDIATE EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER – 8**  
**COST ACCOUNTING**

**SET - 2**  
**TERM – JUNE 2025**  
**SYLLABUS 2022**

**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 x 2 = 30]**

- (i) In the context of cost elements, which category includes the cost of raw materials, direct labour, and direct expenses?
  - a. Prime Cost
  - b. Conversion Cost
  - c. Overhead Cost
  - d. Indirect Cost
- (ii) Absorption costing is also referred as \_\_\_\_\_.
  - a. Historical costing
  - b. Traditional costing
  - c. Full costing
  - d. All of the above terms
- (iii) Danger Level = \_\_\_\_\_ × Maximum Re-Order Period for emergency purchases
  - a. Normal Rate of Consumption
  - b. Maximum Rate of Consumption
  - c. Minimum Rate of Consumption
  - d. Consumption during Lead Time
- (iv) If the gross profit is ₹ 40,000, selling expenses are ₹ 10,000, and administrative expenses are ₹ 5,000, what is the net profit?
  - a. ₹ 40,000
  - b. ₹ 35,000
  - c. ₹ 25,000
  - d. ₹ 15,000
- (v) Opening Stock ₹ 10,000, Closing Stock ₹ 16,000 and Material Consumed ₹ 78,000. What will be the inventory turnover ratio?
  - a. 8 Times
  - b. 5Times
  - c. 3 Times
  - d. 6 Times
- (vi) Which method of absorption of factory overheads do you suggest in a concern which produces only one uniform type of product?
  - a. Percentage of direct wages basis
  - b. Direct labour rate
  - c. Machine hour rate
  - d. A rate per units of output



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- (vii) Normal capacity of a plant refers to the difference between:
- Maximum capacity and practical capacity
  - Maximum capacity and actual capacity
  - Practical capacity and estimated idle capacity as revealed by long term sales trend
  - Practical capacity and normal capacity
- (viii) CAS 20 specifically deals with:
- Joint Costs
  - Royalty and Technical Know How Fee
  - Quality Control
  - Manufacturing Cost
- (ix) \_\_\_\_\_ nominee required from the regulate like CAG, RBI to the CASB Board.
- 4
  - 3
  - 2
  - 6
- (x) In Reconciliation Statements, expenses shown only in financial accounts are:
- Added to financial profit
  - Deducted from financial profit
  - Ignored
  - Added to costing profit
- (xi) A company calculates the prices of jobs by adding overheads to the prime cost and adding 30% to total costs as a profit margin. Job number Y256 was sold for ₹1,690 and incurred overheads of ₹ 694. What was the prime cost of the job?
- ₹ 489
  - ₹ 606
  - ₹ 996
  - ₹ 1,300
- (xii) The Absolute Tonne-Km is an example of:
- Composite unit for bus operation
  - Composite unit of transport sector
  - Composite unit for oil and natural gas
  - Composite unit in power sector
- (xiii) The technique of differential cost is adopted when:
- To ascertain P/V ratio
  - To ascertain marginal cost
  - To ascertain cost per unit
  - To make choice between two or more alternative courses of action

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- (xiv) Standard price of material per kg ₹ 20, standards consumption per unit of production is 5 kg. Standard material cost for producing 100 units is:
- ₹ 20,000
  - ₹ 12,000
  - ₹ 8,000
  - ₹ 10,000
- (xv) The operations to produce a unit of product L require 9 active hours. Budgeted idle time of 10% of total hours paid for is to be incorporated into the standard times for all products. The wage rate is ₹ 4 per hour. The standard labour cost of one unit of product L is:
- ₹10
  - ₹36
  - 39.6
  - 40

**SECTION - B**

**(Answer any five questions out of seven questions given. Each question carries 14 Marks) [5x14=70]**

2. (a) The following financial parameters of ZONB Ltd. are available for the month of September 2024.  
Direct Labour Cost: ₹ 1,20,000 (120% of Factory overheads)  
Raw Materials Purchased: ₹ 1,65,000  
Sales: ₹ 5,00,000  
Cost of Sales : ₹ 4,00,000  
Accounts shows the following figures:

	1st September 2024 (₹)	30th September 2024 (₹)
Inventory:		
Raw material	20,000	35,000
Work-in-progress	20,000	30,000
Finished goods	50,000	60,000
Other details:		
Selling expenses		22,000
General & Admin expenses		18,000

General & Admin expenses are not relating to the production activity.

Illustrate a Cost Sheet for the month of September 2024 showing:

- Prime cost
- Work cost
- Cost of goods sold
- Cost of sales and profit earned

**[7]**

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- (b) ZINTES LTD. a manufacturing company has its factories at two locations. Rowan plan is in use at location A and Halsey plan at location B. Standard time and basic rate of wages are same for a job which is similar and is carried out on similar machinery. Time allowed is 60 hours. Job at location A is completed in 36 hours while at B, it has taken 48 hours. Conversion costs at respective places are ₹1224 and ₹1500. Overheads amount to ₹20 per hour.

- (i) Calculate the normal wage rate, and  
(ii) Compare conversion costs.

**[7]**

3. (a) In a machine department of a factory there are five identical machines.

Space of the department	10,000 Sq. mts.
Space occupied by the machine	2,000 Sq. mts.
Cost of the machine	₹ 20,000
Scrap value of the machine	₹ 300
Estimated life of the machine	13 years
Depreciation charged at	7 1/2% p.a.
Normal running of the machine	2,000 hours
Power consumed by the machine as shown by the meter	₹ 3,000 p.a.

Estimated repairs and maintenance throughout the working life of the machine ₹5,200. Sundry supplies including oil, waste etc. charged direct to the machine amount to ₹ 600 p.a.

Other expenses of the department are:

	Amount (₹)
Rent and Rates	9,000
Lighting (to be apportioned according to workers employed)	400
Supervision	1,250
Other charges	5,000

It is ascertained that the degree of supervision required by the machine is 2/5th and 3/5th being devoted to other machines.

There are 16 workers in the department of whom 4 attended to the machine and the remaining to the other machines.

Prepare the machine hour rate for one of the machines.

**[7]**

- (b) The net profit of X Ltd., appeared at ₹ 41,800 as per financial records for the year ending 31st March, 2024. A scrutiny of the figures from both the sets of accounts revealed the following facts:

**₹**

Works overhead under-recovered in costs		1,500
Administrative overheads over-recovered in costs		850
Depreciation charged in financial accounts		5,600
Depreciation recovered in costs		6,250
Interest on investments not included in costs	3,000	
Loss due to obsolescence charged in financial accounts		2,850

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Income tax reserve made in financial accounts	20,150	
Bank interest and transfer fee credited in financial books		370
Stores adjustment (credit) in financial books		230
Value of opening stock in : Cost accounts	24,800	
: Financial accounts		26,300
Value of closing stock in : Cost accounts	25,000	
: Financial accounts		23,000
Interest charged in cost accounts		2,000
Imputed rent charged in cost accounts		1,000
Goodwill written off		5,000
Loss on sale of furniture		600
Selling and distribution expenses not charged in cost accounts		10,000
Donations to Prime Minister's Relief Fund		5,100
Transfer to Debenture Redemption Fund		9,000
Transfer to Dividend Equalisation Fund		20,500

Prepare a statement showing the reconciliation statement and find out the profit as per cost Accounts. [7]

4. (a) JANATA TRANSPORT LTD. a Transport Company is running 4 buses between two towns which are 50 kms. away. Seating capacity of each bus is 40 passengers. The following information is obtained from its books for November, 2024:

Particulars	₹
Wages of drivers, conductors and cleaners	24,000
Salaries of office and supervisory staff	10,000
Diesel, oil and other lubricants	40,000
Repairs and maintenance	8,000
Taxes, insurance etc.	16,000
Depreciation of buses	26,000
Interest and other charges	20,000

Actual passengers carried were 75% of the seating capacity. All the 4 buses ran on all the days of the month. Each bus made one to and fro round trip per day.

Prepare the Operating Cost Statement and determine the cost per passenger km. for each bus. [7]

- (b) A contractor, who prepares his accounts on 31st March each year, commenced a Contract No. 220 on 1st July, 2023. The following information is revealed from his costing records on 31st March, 2024:

Particulars	(₹)
Materials sent to site	2,51,000
Labour	5,65,600
Foreman's salary	81,300

A machine costing ₹2,60,000 remained in use on site for 146 days. Its working life is estimated at 7 years and final scrap value at ₹ 15,000. A supervisor is paid ₹ 8,000 per month and has devoted one half of his time on the contract. All other expenses amount to ₹ 1,36,500. Materials at site on 31st March, 2024

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cost ₹ 35,400. The contract price is ₹ 20,00,000. On 31st March, 2024 two-third of the contract was completed, however, the architect gave certificate only for 50% of the contract price and ₹ 7,50,000 had so far been paid on account.

Prepare Contract Account and state how much profit or loss should be included on 31<sup>st</sup> March, 2024 in financial accounts. [7]

5. (a) REACON LTD is engaged in process Engineering Industry. During a month 4000 units of input were introduced in Process B at a cost of ₹ 20,000. The normal loss was estimated at 10% of input. The process costs were direct materials ₹ 10,425, direct wages ₹ 20,400 and factory overhead 50% of direct wages. At the end of the month 3200 units were produced and transferred to Process C, 500 units were scrapped and realized @ ₹ 5 per unit. Scrapped units were 50% processed. 300 units were incomplete and the stage of completion was material 75%, wages and overhead 50%.

- (i) Calculate the equivalent production, cost per completed unit, value of work- in-progress and  
(ii) Prepare Process B account. [7]

- (b) A glass manufacturing company requires you to calculate and Prepare the Master Budget for the year 2023-24 from the following information:

Annual Sales : Toughened glasses A	₹ 30,00,000
Toughened glasses B	₹ 50,00,000
Direct material cost	60% of sales
Direct wages	20 workers @ ₹ 1,500 p.m.
Factory overheads & indirect labour: Works manager	₹ 5,000 p.m.
Foreman	₹ 4,000 p.m.
Stores and spares	2.50% of sales
Depreciation on machinery	₹ 1,26,000
Light and power	₹ 50,000
Repairs and maintenance	₹ 80,000
Other sundries	10% of direct wages
Administration, selling & distribution expenses	₹ 1,40,000 p.a.

(Present the fixed and variable overheads separately showing item wise breakup)

[7]

6. The standard labour component and the actual labour component engaged in a week for a job are as under:

	Skilled workers	Semi-skilled workers	Unskilled workers
Standard no. of workers in the gang	32	12	6
Standard wage rate per hour (₹)	3	2	1
Actual no. of workers employed in the gang during the week	28	18	4
Actual wage rate per hour (₹)	4	3	2

During the 40 hour working week the gang produced 1,800 standard labour hours of work.

Calculate labour variances.

[14]

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7. (a) Two businesses AB Ltd and CD Ltd sell the same type of product in the same market. Their budgeted profits and loss accounts for the year ending 30th June, 2024 are as follows:

Amount (₹)

	AB Ltd		CD Ltd	
Sales		1,50,000		1,50,000
Less: Variable costs	1,20,000		1,00,000	
Fixed Cost	15,000	1,35,000	35,000	1,35,000
Profit		15,000		15,000

Calculate the BEP of each business and Compare which business is likely to earn greater profits in the following conditions:

(i) Heavy demand for the product

(ii) Low demand for the product

[7]

- (b) Describe classification of costs determined under CAS-1.

[7]

8. (a) Explain the concept of Opportunity Cost and Imputed Cost with suitable examples.

[4]

- (b) Discuss the requisites of Material Control System.

[5]

- (c) Describe how overtime is treated in cost records as per CAS-7.

[5]