4/51 **2111N780** Candidate's Seat No :________

**M.Com HPP Sem.-3 (AAA) Examination**

**CC 12**

**Cost Accounting-I**

**November-2024**

**Time : 2-30 Hours]** **[Max. Marks : 70**

**Q.1**

Dharini Ltd. follows non-integrated system of accounting. The cost ledger showed the following balances as on 1-3-2024.

| Particulars | Debit ₹ | Credit ₹ |
|---|---|---|
| Stores Ledger Control Account | 90,400 | |
| Work in Progress Control Account | 70,000 | |
| Finished Goods Control Account | 40,000 | |
| Factory Overheads Control Account | – | 900 |
| Cost Ledger Control Account | – | 1,99,500 |
| | **2,00,400** | **2,00,400** |

The following transactions took place during the month ended 31-03-2024:

| **Particulars** | | ₹ |
|---|---|---|
| Material purchased | | 3,10,000 |
| Material issued to production | | 3,30,000 |
| Material issued for factory maintenance and repair | | 15,000 |
| Direct Wages incurred | 5,30,000 | |
| Indirect Wages incurred | 30,000 | 5,60,000 |
| Productive Wages charged | | 5,40,000 |
| Factory Overheads incurred | | 1,20,000 |
| Factory overheads absorbed | | 1,50,000 |
| Sales-distribution Overheads incurred | | 11,000 |
| Sales-distribution Overheads absorbed | | 10,000 |
| Cost of goods finished | | 9,70,000 |
| Cost of goods sold | | 10,50,000 |

Prepare necessary accounts in the cost book for the month ended on 31-03-2024 and Trial Balance as on 31-03-2024. **14**

**OR**

**Q.1**

**(A)** Explain Integrated Accounting and Non-Integrated Accounting system. **7**

**(B)** Journalise the following transactions of Shani Ltd. assuming that cost and financial transactions are integrated:

| | ₹ |
|---|---|
| Raw materials purchased | 4,00,000 |
| Materials issued to production | 3,00,000 |
| Material returned from shop floor | 4,000 |
| Wages paid (30% indirect) | 2,40,000 |
| Wages charged to production | 1,68,000 |
| Manufacturing expenses incurred | 1,68,000 |
| Manufacturing overhead charged to production | 1,84,000 |
| Selling and distribution costs | 30,000 |

**7**

(P.T.O)

N 780-2

**Q.2**

**(A)** Ashish Ltd. follows EOQ system of buying at present. The company's annual requirement is 4,000 units. The cost of carrying inventory is 4% per annum. The ordering cost is ₹10 per order. The purchase price is ₹50.

One supplier has approached the purchase manager of Ashish Ltd. with a proposal that if the company buys all 4,000 units at a time, then, he would give 10% discount in the purchase price. Decide whether the proposal should be accepted or not. **7**

**(B)** In a manufacturing unit of Sudharshan Ltd., factory overheads were recovered at a pre-determined rate of ₹50 per man-day. The total factory overhead expenses incurred and the man-days actually worked were ₹ 41,50,000 and 75,000 man-days respectively. Units produced were 40,000 and closing stock was 10,000 units.

It was found that 60% of the unabsorbed overheads were due to faulty planning and the rest were attributable to increase in overhead costs. How would unabsorbed overheads be treated in Cost Accounts? **7**

**OR**

**Q.2**

**(A)** Explain Labour Turnover rate. How the labour turnover rate is measured? **7**

**(B)** Explain ABC analysis as a material management tool. **7**

**Q.3**

Shivani Ltd. manufactures two products Star and Moon, for which same equipment and similar processes are used. The annual production data is given below.

| | **Star** | **Moon** |
|---|---|---|
| Units produced | 15,000 | 21,000 |
| Direct labour hours | 45,000 | 1,26,000 |
| Machine hours | 1,35,000 | 63,000 |
| Number of Set-ups | 30 | 120 |
| Number of Orders handled | 45 | 180 |

| <u>Overheads are</u>: | ₹ |
|---|---|
| Relating to machine activity | 6,60,000 |
| Relating to production set-ups | 60,000 |
| Relating to handling of orders | <u>1,35,000</u> |
| | <u>8,55,000</u> |

Calculate the production overhead rate for absorption of overhead per unit under;

(i) Traditional approach, using direct labour hour rate to absorb overheads.

(ii) Activity based costing approach. **14**

**OR**

**Q.3** Explain the difference between Traditional method and Activity Based Costing method. **14**

**Q.4**

Pari Ltd. has received an enquiry for the supply of 2,000 units of sofas. The investment of ₹2,00,000 and working capital to the extent of 25% of sale value will be required if the job is undertaken.

The costs are estimated as follows:

Raw materials 22,000 kg. at ₹20 per kg.

Direct wages 2,000 hours at ₹10 per hour.

Variable overheads:

Factory: ₹15 per labour hour

Selling and distribution: ₹40,000.

Fixed overheads:

Factory: ₹20,000

Selling and distribution: ₹50,000

Prepare a statement showing the price to be fixed under the following situations:

(i) Full cost method using 30% profit on the total cost.
(ii) Marginal cost method assuming a profit volume ratio of 35%.
(iii) Conversion cost method, 200% conversion cost as profit.
(iv) Return on investment method with an expected return of 20% on capital employed. **14**

**OR**

**Q.4**

**(A)** Explain the External factors affecting on pricing policies. **7**

**(B)** Explain the Full Cost pricing and Marginal Cost pricing methods. **7**

**Q.5** Select the appropriate alternative: **(Attempt any Seven out of given)** **14**

**(1)** Abnormal loss of material is debited to which account?
(A) Stores Ledger Account
(B) Factory overheads
(C) Work-in-Progress Account
(D) Costing P & L Account

**(2)** Which of the followings does not find place in Non-integrated Accounts?
(A) Plant A/c
(B) Cost Ledger Control A/c
(C) Store Ledger Control A/c
(D) Administrative Overhead Control A/c

**(3)** Which of the following is an external factor affecting pricing policies?
(A) Cost of production
(B) Competitor's price
(C) Quality of the product
(D) None of the above

**(4)** Total cost-plus pricing means –
(A) Direct and Indirect Cost
(B) Fixed and Variable Cost
(C) Manufacturing and non-manufacturing cost
(D) All of the above

**(5)** If raw materials are not directly identifiable as part of the final product, then they are classified as..........
(A) Period costs
(B) Fixed costs

(C) Indirect materials
(D) Any of the above

**(6)** Which of the following details are not recorded in bin card?
(A) Date of issue
(B) Record of receipt quantities
(C) Record of values
(D) Record of issue quantities

**(7)** The appropriate cost driver for material handling cost is –
(A) Number of workers
(B) Number of set ups
(C) Handling of orders
(D) None of the above

**(8)** Which of the following is not found in Integrated accounts?
(A) General Ledger Control Account
(B) Profit & Loss Account
(C) Factory Overhead Control Account
(D) Debtors Account

**(9)** If actual overheads are less than pre-determined overheads, then it is a case of ...........
(A) Under Absorption
(B) Over Absorption
(C) Low Absorption
(D) None of the above

**(10)** In ABC Analysis of Inventory 'A' class items require –
(A) Tight or Strict Control
(B) Moderate Control
(C) Loose Control
(D) None of the above

**(11)** Cost of goods manufactured in Work in progress Control Account is transferred to...........
(A) Cost of Sales Account
(B) Factory Overhead Control Account
(C) Finished Goods Control Account
(D) None of the above

**(12)** Conversion Cost includes –
(A) Direct Materials and Administrative Overheads
(B) Direct Wages and Factory Overheads
(C) Administrative Overheads
(D) All of the above

—x— x—