



Seat No. : \_\_\_\_\_

# NG-142

November-2025

M.Com. (HPP), Sem.-III

CC-12 : Cost Accounting-1

Time : 2:30 Hours]

[Max. Marks : 70

1. The following balances are taken from the books of PQR Ltd., as on 31<sup>st</sup> March, 2025. 14

Particulars	Dr. (₹)	Cr. (₹)
Stores Ledger Control A/c	6,02,870	–
Work-in-Progress Ledger Control A/c	2,44,730	–
Finished Stock Ledger Control A/c	5,03,890	–
Manufacturing Overheads Control A/c	–	21,050
General Ledger Adjustment A/c	–	13,30,440
	<b>13,51,490</b>	<b>13,51,490</b>

Transactions occurred during the year:

	₹
Finished product at cost	4,21,670
Manufacturing overhead incurred	1,83,020
Raw materials purchased	2,46,000
Direct wages	1,01,060
Indirect wages	43,330
Cost of goods sold	3,71,780
Materials issued to production	2,54,630
Sales returns at cost	10,760
Materials returned to suppliers	5,800
Manufacturing overheads charged to production	1,54,400

Prepare :

- General Ledger Control A/c (Cost ledger control A/c)
- Stores Ledger Control A/c
- Manufacturing Overheads Control A/c
- Work-in-Progress Ledger Control A/c
- Finished Stock Ledger Control A/c
- Cost of Sales A/c
- Trial Balance as on 31.03.2025.

OR

1. (A) Explain the difference between Integrated Accounting and Non-Integrated Accounting system. 7

(B) Journalise the following transactions assuming that cost and financial transactions are integrated : 7

	₹
Raw materials purchased	2,00,000
Direct materials issued to production	1,50,000
Wages paid (30% indirect)	1,20,000
Wages charged to production	84,000
Manufacturing expenses incurred	84,000
Manufacturing overhead charged to production	92,000
Selling and distribution costs	20,000
Finished products (at cost)	2,00,000
Sales	2,90,000
Receipts from debtors	69,000
Payments to creditors	1,10,000

2. (A) R Ltd. uses about 75,000 valves per year and the usage is at 6,250 units per month. The valves cost ₹ 1.50 per unit. Carrying cost is estimated to be 20% of average inventory on an annual basis. The cost to place the order and to process the delivery is ₹ 18. 7

It takes 45 days to receive delivery from the date of order and a safety stock of 250 valves is desired. You are required to determine :

- The most economical order quantity and frequency of order.
- The re-order level.
- The most economical order quantity, if the valve cost ₹ 4.50 each instead of ₹ 1.50 each.

(B) The production overheads of a factory are ₹ 3,10,000. The overheads are charged at ₹ 5 per direct labour hour. The actual working hours were 50,000. During the period, 3,800 units were produced, out of which 3,000 units were sold. There were 1,500 units in work-in-progress 80% completion.

On enquiry, it was found that 40% of the unabsorbed overheads were due to increase in indirect cost and the balances were due to inefficiency of the factory.

Calculate the amount of under absorbed overheads. How will you treat the under absorbed amount of the overheads ? What will be the profit implication of the same ? 7

**OR**

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

(B) Explain Perpetual inventory system and Perpetual stock taking. 7

3. MNP Ltd. manufactures two products. 'A' and 'B' using the same equipment and similar processes. An extract of the production data for these products in one period shown below:

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Particulars	Product : A	Product : B
Direct labour hours per unit	2	4
Machine hours per unit	6	2
Number of Setups in the period	40	160
Order handled in the period	15	60
Quantity produced (Units)	20,000	28,000

**Overhead costs related to :**

	₹
Production run setups	75,000
Machine activity	8,25,000
Handling of orders	<u>1,68,750</u>
	<u>10,68,750</u>

Calculate the production overheads to be absorbed by one unit of each of the product using the following costing methods :

- A traditional costing approach using a direct labour rate to absorb overheads.
- An activity-based costing approach using suitable cost drivers to trace overheads to products.

**OR**

3. Explain the advantages and limitations of Activity Based Costing. 14
4. ABC Ltd. produces 60,000 units at 60% capacity and earns an average profit of ₹ 3 by selling it at ₹ 15 per unit.

Particulars	Per unit (₹)
Direct Materials	4
Direct Labour	1
Factory Overheads	6 (50% Fixed)
Selling Overheads	1 (25% Variable)

During the current year, they intend to produce the same number but anticipates that

- Their fixed costs will go up by 10%.
- Rate of direct labour will increase by 20%.
- Rate of direct material will increase by 5%.
- Selling price cannot be increased.

Under these circumstances they obtain an order for a further 20% of their capacity. What minimum price will you recommend for accepting the order to ensure the manufacturer an overall profit of ₹ 1,83,500. Assume that the fixed cost is recovered from the current production. 14

**OR**

4. (A) Explain the Internal factors affecting on pricing policies. 7
- (B) Explain the Full Cost pricing and Marginal Cost pricing methods. 7

5. Select the appropriate alternative : (attempt any **seven** out of given)
- (1) 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
  - (2) Variable Cost Pricing is also known as –
    - (A) Full Cost Pricing
    - (B) Marginal Cost Pricing
    - (C) Direct Cost Pricing
    - (D) None of these
  - (3) Total cost-plus pricing means -
    - (A) Direct and Indirect Cost
    - (B) Fixed and Variable Cost
    - (C) Manufacturing and non-manufacturing cost
    - (D) None of the above
  - (4) Non-integrated Accounting System is also called -
    - (A) Financial Accounting
    - (B) Cost Control Accounting
    - (C) Cost Accounting
    - (D) None of these
  - (5) Normal loss of material is debited to which account ?
    - (A) Stores Ledger Account
    - (B) Factory overheads
    - (C) Work-in-Progress Account
    - (D) P & L Account
  - (6) Which of the following activities is connected with the cost driver of No. of workers ?
    - (A) Setting up of machines
    - (B) Training
    - (C) Analysis of proposal
    - (D) None of the above
  - (7) 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
  - (8) 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
  - (9) The appropriate cost driver for Repairs and Maintenance is -
    - (A) Number of workers
    - (B) Number of set ups
    - (C) Number of customers
    - (D) None of the above
  - (10) In ABC Analysis of Inventory 'B' class items require –
    - (A) Tight or Strict Control
    - (B) Moderate Control
    - (C) Loose Control
    - (D) None of the above
  - (11) 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
  - (12) 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