

IMBA (CSM) (NEP) Sem.-3 Examination

AEC-ICSM-235

Cost Accounts

Time : 1-00 Hour]

November-2025

[Max. Marks : 25

Instructions:

Use of non-Programmable Scientific Calculator is allowed.

Q.1 Attempt ANY **THREE** out of **FIVE**: (Each question carries **SEVEN** marks) **(21)**

I. What is cost accounting? What are its objectives? How do cost accounting records help in the planning and control of operations of a business enterprise?

II. A manufacturing company disclosed a net loss of Rs. 3,47,000 as per their cost accounts for the year ending march 31, 2024. The financial accounts, however, disclosed a net loss of Rs. 5,10,000 for the same period. The following information was revealed as a result of scrutiny of the figures of both the sets of accounts:

	Rs.
1. Factory overheads under-absorbed	40,000
2. Administration overheads over absorbed	60,000
3. Depreciation charged in financial accounts	3,25,000
4. Depreciation charged in cost accounts	2,75,000
5. Interest on investment not included in cost accounts	96,000
6. Income tax provided	54,000
7. Interest on loan funds in financial accounts	2,45,000
8. Transfer fees (credit in financial books)	24,000
9. Stores adjustment (credit in Financial books)	14,000
10. Dividend received	32,000

Prepare a Reconciliation Statement.

III. Pass Journal entries in the cost books (non-integrated system) for the following transactions:

- i. Materials worth Rs. 25,000 returned to stores from job.
- ii. Gross total wages paid Rs. 48,000. Employer's contribution to PF and State Insurance amount to Rs. 2,000. Wages analysis book detailed Rs. 20,000 direct labour, Rs. 12,000 towards indirect factory labour, Rs.10,000 towards salaries to office staff and Rs. 8,000 for salaries to selling and distribution staff.

IV. A company manufactures and retail clothing. You are required to group the costs which are listed below and numbered 1 to 15 into the following classification:

(Each cost is intended to belong to only one classification).

- a) Direct materials
- b) Direct Labour

- c) Direct Expenses
- d) Indirect Production Overhead
- e) Selling and Distribution Costs
- f) Research and Development Costs
- g) Finance Cost
- h) Administrative Costs

1. Telephone rental plus metered calls
2. Wages of security guards for factory
3. Parcels sent to customers
4. The wages of operatives in cutting department
5. Developing a new product in the laboratory
6. The wage of forklift truck drivers who handle raw materials
7. Wages of storekeepers in materials store
8. Chief accountant's salary
9. Cost of painting advertising slogans in delivery vans
10. Auditor's fee
11. Cost of advertising on television
12. Lubricants for sewing machines
13. Floppy disks for general office computers
14. Maintenance contract for office photocopying machine
15. Interest in bank overdraft

V. The Directors of Manufacturing Business require a statement showing the production results of the business for the month of January, 2024. The cost Accounts reveal the following information.

Stock in hand on 1st January, 2024

Raw Materials	2,500
Finished Goods	1,736
Stock in hand on 31 st January, 2024	2,635
Raw Materials	1,575
Finished Goods	2,490
Purchase of Raw Materials	7,231
Sales of Finished Goods	1,7615
Direct wages	89
Non-Production Wages	824
Works Expenses	316
Office and Administrative Expenses	425
Selling and Distribution Expenses	

You are required to prepare a statement to show:

- (a) Value of Materials Consumed;
- (b) Price Cost
- (c) Works cost
- (d) The Total Cost of Production;
- (e) The Cost of Goods sold

Q.2 Do as directed: (Each question carries **ONE** mark)

- I.** Which of the following would be included under direct expenses?
(A) Power used in factory
(B) Cost of special designs for customers
(C) Salary of storekeeper
(D) Factory lighting
- II.** In a cost sheet, which of the following is the correct sequence?
(A) Prime Cost → Cost of Production → Factory Cost → Cost of Sales
(B) Factory Cost → Prime Cost → Cost of Sales → Cost of Production
(C) Prime Cost → Factory Cost → Cost of Production → Cost of Sales
(D) Cost of Production → Factory Cost → Prime Cost → Cost of Sales
- III.** Which of the following statements is correct?
(A) $\text{Opening Stock} + \text{Net Purchases} - \text{Direct Expenses} - \text{Closing Stock} = \text{Cost of Goods Sold}$
(B) $\text{Opening Stock} + \text{Net Purchases} + \text{Direct Expenses} - \text{Closing Stock} = \text{Cost of Goods Sold}$
(C) $\text{Opening Stock} - \text{Net Purchases} + \text{Direct Expenses} + \text{Closing Stock} = \text{Cost of Goods Sold}$
(D) $\text{Opening Stock} + \text{Net Purchases} + \text{Direct Expenses} + \text{Closing Stock} = \text{Cost of Goods Sold}$
- IV.** In a cost sheet, office and administrative expenses are added to _____.
(A) Prime Cost
(B) Works Cost
(C) Cost of Production
(D) Cost of Sales
