

Seat No. : _____

MB-227

May-2025

Int. MBA, Sem.-II

Fundamentals of Cost Accounting

Time : 2:00 Hours]

[Max. Marks : 50

1. (A) Prepare 'stores ledger' and enter the following transactions adopting the weighted average method of pricing out issues : 5
- March 1 – Opening Balance : 60 units at ₹ 25 per unit
- March 2 – Issued 30 units
- March 6 – Purchased 50 units at ₹ 35 per unit
- March 10 – Issued 20 units
- March 15 – Purchased 60 units at ₹ 28 per unit
- March 20 – Purchased 40 units at ₹ 32 per unit
- March 24 – Received back 10 units out of the units issued on March 10
- March 28 – Issued 15 units
- (B) Sachin Ltd. furnishes the following information : 5
- Consumption per quarter – 300 units
- Cost per unit – ₹ 40
- Cost of processing an order – ₹ 600
- Obsolescence – 15%
- Insurance on inventory – 25%
- Compute :
- (a) Economic Order Quantity
- (b) No. of orders per year
- (c) Time between two consecutive orders
- A supplier offers a discount of 2% on purchase of 600 units. Should it be accepted ?

OR

1. (A) Normal usage 600 units per week each 5
 Maximum usage 900 units per week each
 Minimum usage 300 units per week each
 Reorder Quantity 4,800 units
 Reorder period 4 to 6 weeks
 Calculate for each component :
- (a) Re-order Level (b) Minimum Level
 (c) Maximum Level (d) Average Stock Level
- (B) What is cost ? Explain the different classification of cost. 5
2. A machine shop has 6 identical machines managed by 5 operators. The machine cannot be worked without any operator wholly engaged on it. The original cost of all these 6 machines works out at ₹ 6 lakhs. 10
- The following estimates are available for the year 2024 :
- (a) Normal working hours per month – 220 hours
 (b) Absenteeism (without pay) per month – 20 hours
 (c) Leave with pay per month – 20 hours
 (d) Normal idle time (unavoidable) – 20 hours
 (e) Average rate of wages per day of 8 hours – ₹ 40
 (f) Production bonus – 15% of wages
 (g) Cost of power for the period – ₹ 20,700
 (h) Supervision and indirect labour cost for the year – ₹ 8,100
 (i) Lighting and electricity per annum – ₹ 3,070
 (j) Repairs and maintenance of machines – 2% of the value of the machines p.a.
 (k) Insurance charges – ₹ 30,000 p.a.
 (l) General management expenses as allocated for the year – ₹ 84,000
 (m) Depreciation under straight line method – 15% on original cost of machines.
- You are required to work out a comprehensive Machine Hour Rate for the machine shop.

OR

2. (A) Calculate the earning of a worker under Halsey plan and Rowan plan; Standard time - 72 hours; Actual time - 60 hours ; Rate per hour ₹ 10. 5

(B) From the following particulars, calculate labour turnover under separation method, replacement method and flux method : 5

Total number of employees at beginning of January	4020
Number of employees who recruited during January	100
Number of employees who left during January	80
Total number of employees at end of January	3980

3. Attempt **any two** :

(A) Following information is available from the manufacturing Co. : 5

Particulars	
Raw materials	₹ 3,20,000
Direct expenses	₹ 40,000
Wages	₹ 1,92,000
Machine hour worked	32,000
Machine hours rate	₹ 6
Administrative overhead	10% of work cost
Selling overhead	₹ 5 per unit
Unit produced	18,000
Unit Sold	16,000

If profit is 25% on sales. Prepare cost sheet.

(B) The product of a company passes through three distinct processes to completion. Following information is available for the all three process : 5

Particulars	Process A	Process B	Process C
Material	12,000	8,000	4,000
Direct Labour	16,000	12,000	6,000
Direct Expenses	2,000	2,000	3,000
Factory overhead	3,500	3,800	4,200
Normal wastage	2%	5%	10%
Output	19,500	18,500	16,000

20,000 units were introduced in process A at cost of ₹ 20,000. Prepare process account.

(C) Gujarat transportation company runs 15 buses between two places covering a distance of 60 km. Seating capacity of each bus is 40 passengers. The expenses are as follow :

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Driver salary – 1,20,000 p.m.

Staff salary – 2,28,000 p.a.

Insurance – ₹ 24,000 (Bi-annually)

Tax – ₹ 3,600 p.a.

Diesel – 0.80 per k.m.

Oil – 0.40 per 50 k.m.

Repair – ₹ 28,000 p.m.

Depreciation – ₹ 1,56,000 p.a.

80% of seating capacity was utilized in each case. All the buses run 28 days in a month each making 5 trips daily.

Find cost per passenger k.m.

4. Prepare reconciliation statement from the following :

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Net profit as per Cost accounts – ₹ 2,00,000

Income tax – ₹ 60,000

Share Transfer fee credited – ₹ 4,000

Provision for doubtful debts – ₹ 20,000

Overheads as per Cost accounts – ₹ 34,000

Overheads as per Finance books – ₹ 28,000

Directors Fees – ₹ 8,000

Depreciation charged in Finance books – ₹ 7,000

Closing Stock in Cost accounts – ₹ 18,750

Closing Stock in Finance books – ₹ 20,750

Goodwill written off – ₹ 9,000

Stores adjustment (Credit in Finance books) – ₹ 1,000

Interest on investments – ₹ 4,000

OR

4. Journalise the following transactions assuming that cost and financial transactions are integrated :

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Particulars	₹
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
Closing stock	Nil
Receipts from debtors	69,000
Payments to creditors	1,10,000

5. Multiple Choice Questions : (Any 10)

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(1) Bin card is maintained by :

- (a) Cost accountant (b) Storekeeper
(c) Purchase manager (d) Production manager

(2) Economic Order Quantity (EOQ) is the quantity that minimizes :

- (a) Carrying cost only (b) Total cost
(c) Ordering cost only (d) Material cost

(3) Under/over absorption of overheads is transferred to :

- (a) Work-in-progress account
(b) Costing profit and loss account
(c) Overhead control account
(d) Finished goods account

- (4) Which account is debited when raw materials are purchased in a non-integrated system ?
- (a) Cost of sales account
 - (b) Stores ledger control account
 - (c) Work-in-progress account
 - (d) Cost ledger control account
- (5) Which of the following costs is classified as a variable overhead ?
- (a) Factory rent
 - (b) Utilities like electricity for machines
 - (c) Supervisory salaries
 - (d) Office administrative costs
- (6) A key feature of variable overheads is that they :
- (a) Do not change with production levels
 - (b) Vary in direct proportion to production volume
 - (c) Are fixed for the year
 - (d) Are allocated only to products sold
- (7) Which of the following cost is not a fixed cost ?
- (a) Rent
 - (b) Depreciation
 - (c) Salary
 - (d) Material
- (8) Which of the following is not method of costing ?
- (a) Job costing
 - (b) Batch costing
 - (c) Operating costing
 - (d) Marginal costing
- (9) If purchase is ₹ 10,00,000, Direct wages is ₹ 20,000, Direct expenses is 30,000, what will be prime cost ?
- (a) 8,00,000
 - (b) 10,50,000
 - (c) 10,20,000
 - (d) 10,80,000

(10) Indirect expenses is also known as

- (a) Factory cost
- (b) Overhead cost
- (c) Fixed cost
- (d) Operational cost

(11) Process costing is used in which of the following industry ?

- (a) FMCG
- (b) Textile industry
- (c) IT industry
- (d) Auto-mobile industry

(12) Which of the following is an example of semi-variable cost ?

- (a) Rent
 - (b) Depreciation
 - (c) Electricity expenses
 - (d) Labour cost
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