

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, APRIL - 2024**

COST ACCOUNTING

[Maximum marks: 75]

[Time: 3 Hours]

PART A

I. Answer all the following questions in one word or one sentence. Each question carries 1 mark

(9 x 1 = 9 Marks)

		Module outcome	Cognitive level
1	..... is the total of expenses incurred for manufacturing a product or rendering a service.	M1.01	R
2	..... indicates the application of more than one method of costing for ascertaining the cost of the same product.	M1.02	R
3	..... costing is the method of costing applied in such industries where production is continuous and the units produced are identical.	M2.01	R
4	Productive wages are also called	M2.02	R
5	Contract costing is also known as	M3.05	R
6	Any process loss caused by unexpected or abnormal conditions is called	M3.04	R
7	..... is that point of sales volume at which total revenue is equal to total cost.	M4.01	R
8	Excess of sales over break even sales is	M4.03	R
9	..... is company's estimation of cash inflows and outflows over a specific period of time.	M4.07	R

PART B

II. Answer any eight questions from the following. Each question carries 3 marks.

(8 x 3 = 24 Marks)

		Module outcome	Cognitive level
1	List out the limitation of cost accounting.	M1.01	R
2	Compare fixed cost and variable cost.	M1.03	U
3	Recall the term Cost centre.	M1.02	R
4	Briefly explain treatment of the following items in a cost sheet. (a) Opening stock of raw materials (b)Scrap (c)Carriage outwards	M2.02	U
5	Interpret the term Escalation clause.	M3.05	U
6	Describe three features of process costing.	M3.01	U

7	Explain the term abnormal gain.	M3.04	U
8	Determine the amount of Variable Cost from the following. Sales ₹ 6,00,000 Fixed Cost ₹ 1,00,000 Profit ₹ 60,000	M4.05	A
9	Summarise the types of budget.	M4.07	U
10	Outline the term prime cost.	M2.02	U

PART C

Answer all questions. Each question carries seven marks

(6 x 7 = 42 Marks)

		Module outcome	Cognitive level
III	List out the advantages of Cost Accounting.	M1.01	R
OR			
IV	Describe the techniques of Cost Accounting.	M1.02	U
V	The following information relate to a manufacturing company for the three months ending 31 st March 2014. Direct materials consumed ₹ 66,000 Direct Labour cost ₹ 24,000 Direct Expenses ₹ 10,000 Factory Overheads ₹ 12,000 Administrative expenses ₹ 8,000 Selling & distribution overheads ₹ 4,000 1,000 units are produced during the period and the entire production is sold @ ₹ 150/- Prepare a cost sheet showing (a) Prime Cost (b) Factory Cost (c) Cost of Production (d) Cost of Sales (e) Profit or loss	M2.02	U
OR			
VI	From the following particulars, prepare a statement showing: (a) Materials consumed (b) Prime cost (c) Works cost (d) Cost of production (e) Percentage of works on cost to wages and (f) Percentage of office overhead to works cost	M2.04	A

	<p style="text-align: right;">₹</p> <p>Stock of raw materials on 31.12.2004 75,600</p> <p>Purchase of raw materials 2,35,400</p> <p>Direct wages 3,50,000</p> <p>Stock of raw materials 31.12.2005 23,400</p> <p>Works overhead 1,26,000</p> <p>Office overhead 38,180</p> <p>What price should the company quote to manufacture a tape recorder which, it is estimated, will require materials worth ₹ 320/- and will involve an expenditure of ₹ 150 in wages, so that it will yield a profit of 20% on the selling price.</p>																																												
VII	<p>Explain the features of contract costing.</p> <p style="text-align: center;">OR</p>	M3.05	U																																										
VIII	<p>1,000 units of raw-materials were introduced to process 'X' at ₹ 10 per unit. Direct labour and other expenses were ₹ 3,000 and 2,000 respectively. Past experience shows that 10% of the units introduced to the process are normally lost which possesses a scrap value of ₹ 6 per unit. The actual production from the process was only 850 units to be transferred to Process Y. Prepare the Process X Account and also Abnormal Loss and Normal Loss Account.</p>	M3.04	A																																										
IX	<p>State the meaning of Memorandum Reconciliation Account and its format.</p> <p style="text-align: center;">OR</p>	M2.05	R																																										
X	<p>From the following particulars prepare a Cost Sheet, showing the profit or loss for the year ended 31st March 2016.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">1st April 2015</th> <th style="width: 20%; text-align: center;">31st April 2016</th> </tr> <tr> <th></th> <th style="text-align: center;">(₹)</th> <th style="text-align: center;">(₹)</th> </tr> </thead> <tbody> <tr> <td>Stock:</td> <td></td> <td></td> </tr> <tr> <td>Raw materials</td> <td style="text-align: right;">12,550</td> <td style="text-align: right;">10,910</td> </tr> <tr> <td>Work in progress</td> <td style="text-align: right;">6,600</td> <td style="text-align: right;">7,200</td> </tr> <tr> <td>Finished goods</td> <td style="text-align: right;">13,660</td> <td style="text-align: right;">14,500</td> </tr> <tr> <td>Other data for the year are:</td> <td></td> <td style="text-align: center;">₹</td> </tr> <tr> <td>Purchase of raw materials</td> <td></td> <td style="text-align: right;">2,25,500</td> </tr> <tr> <td>Productive wages</td> <td></td> <td style="text-align: right;">1,12,000</td> </tr> <tr> <td>Selling overhead</td> <td></td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">5,92,250</td> </tr> <tr> <td>Factory overhead</td> <td></td> <td style="text-align: right;">87,600</td> </tr> <tr> <td>Chargeable expenses</td> <td></td> <td style="text-align: right;">15,200</td> </tr> <tr> <td>Office and Administration overhead</td> <td></td> <td style="text-align: right;">34,500</td> </tr> </tbody> </table>		1 st April 2015	31 st April 2016		(₹)	(₹)	Stock:			Raw materials	12,550	10,910	Work in progress	6,600	7,200	Finished goods	13,660	14,500	Other data for the year are:		₹	Purchase of raw materials		2,25,500	Productive wages		1,12,000	Selling overhead		40,000	Sales		5,92,250	Factory overhead		87,600	Chargeable expenses		15,200	Office and Administration overhead		34,500	M2.02	U
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XI	<p>The following relate to a concern for two successive periods.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years</th> <th style="text-align: center;">Sales (₹)</th> <th style="text-align: center;">Profit (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014-15</td> <td style="text-align: center;">3,00,000</td> <td style="text-align: center;">40,000</td> </tr> <tr> <td style="text-align: center;">2015-16</td> <td style="text-align: center;">4,00,000</td> <td style="text-align: center;">80,000</td> </tr> </tbody> </table> <p>Find out:</p> <ul style="list-style-type: none"> (i) P/V Ratio (ii) Break even Sales (iii) Margin of safety (iv) Profit at a sale of ₹ 5,00,000 (v) Sales to earn a profit of ₹ 60,000 <p style="text-align: center;">OR</p>	Years	Sales (₹)	Profit (₹)	2014-15	3,00,000	40,000	2015-16	4,00,000	80,000	M4.05	U							
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XII	State the meaning of break even analysis and its assumptions.	M4.02	R																
XIII	Differentiate between cash budget and flexible budget.	M4.07	U																
XIV	<p style="text-align: center;">OR</p> <p>The cost of a component number X011 manufactured to assemble cycles is as under:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td></td> <td style="text-align: center;">₹</td> </tr> <tr> <td>Direct Material</td> <td style="text-align: center;">16</td> </tr> <tr> <td>Direct Labour</td> <td style="text-align: center;">12</td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: center;">10</td> </tr> <tr> <td>Fixed overheads</td> <td style="text-align: center;">8</td> </tr> <tr> <td></td> <td style="text-align: center;">-----</td> </tr> <tr> <td>Cost per unit</td> <td style="text-align: center;">46</td> </tr> <tr> <td></td> <td style="text-align: center;">=====</td> </tr> </tbody> </table> <p>The same component can be obtained from other manufacturers at ₹ 42 each. The company requires 10,000 units of the component per annum.</p> <p>Should the firm manufacture it or buy from outside.</p>		₹	Direct Material	16	Direct Labour	12	Variable overheads	10	Fixed overheads	8		-----	Cost per unit	46		=====	M4.04	A
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