SET-2

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS- MCOM

Backlog Examination (2025 Pattern) April/ May – 2026 - Semester – I

Subject Name: Advanced Cost Accounting **Max. Marks: 50**
Subject Code: 25MOC104T **Time: 2:30 Hrs.**

Instructions

- All questions are compulsory.
- Figures to the right indicates full marks.
- Use of calculator is allowed

CO #	Cognitive Ability	Course Outcome
CO1	**Remember**	Recall the basic concepts, definitions, objectives, and elements of cost accounting, including material, labour and overheads and identify various methods and techniques of costing such as job, contract, process and operating costing.
CO2	**Understand**	Understand the fundamental principles and procedure of Cost Accounting related to material, labour, overheads and various methods of costing for accurate classification and interpretation of cost information.
CO3	**Apply**	Apply theoretical concepts of Cost Accounting to explain material, labour, overheads and methods of costing.
CO4	**Analyse**	Analyse the labour and overhead costs to identify their components, causes, allocation, apportionment and impact on total cost.
CO5	**Evaluate**	Evaluate the Cost Sheet using Prime Cost, Works Cost and Total Cost along with inventory control techniques like ABC Analysis, JIT, EOQ and Inventory Turnover Ratio for effective cost management.
CO6	**Create**	Create cost statements for Job Costing, Contract Costing, Process Costing and Operating Costing to determine cost, profit and efficiency to different operations.

Q1.	**Choose the correct option: Any 5 out of 7** **(5 Marks)**	CO1
	1. **The main objective of Cost Accounting is to ________.** a) Determine selling price b) Maintain financial records c) Pay taxes d) Calculate profit only 2. **The three main elements of cost are ________.** a) Material, Labour, Overheads b) Cash, Debtors, Creditors c) Assets, Liabilities, Capital d) Income, Expense, Profit	

	3. **Apportionment means ________.** a) Transferring costs equally b) Distributing cost on a suitable basis among departments c) Ignoring indirect expenses d) None of these 4. **CAS–3 relates to ________.** a) Overheads b) Labour Cost c) Material Cost d) Classification of Cost **5. Work Uncertified refers to ________.** a) Work not yet started b) Work done but not certified by the contractee c) Work rejected by the engineer d) Completed work 6. **Cash received from the contractee is generally a fixed percentage of ________.** a) Work certified b) Work uncertified c) Total cost incurred d) Total contract price 7. **Factory rent is an example of ________.** a) Direct material b) Factory overhead c) Selling expense d) Administrative expense	
Q2.	**Write True Or False Any 5 out of 7** **(5 Marks)** 1. Cost Accounting and Financial Accounting serve the same objectives. 2. Cost Unit is a unit of product or service for which cost is determined. 3. Absorption of overheads means charging overheads to products or jobs. 4. CAS–7 relates to Employees Cost. 5. Contract costing involves short-term and repetitive jobs. 6. Escalation clause allows adjustment of contract price for cost fluctuations. 7. Allocation means charging an entire overhead cost to one department.	CO2
Q3.	**Write Short Notes Any 2 out of 3** **(10 Marks)** 1. Inventory turnover ratios 2. Job costing 3. Methods of remuneration	CO3
Q.4.	Tata Ltd., Ahmadabad has three Production Depts., and two service Depts., The overhead expenses for March ,2025 are as follows:	CO4

Particulars	Production depts.			Service Depts.	
	A	B	C	D	E
Indirect materials	800	2000	900	400	200
Indirect labour	1500	1600	1300	350	1900
Rent and Taxes					Rs.10000
Electricity Charges					Rs.7100
Plant Depreciation					Rs.6000
Supervisors salary					Rs.3200

The other details are as follows:

Particulars	A	B	C	D	E
Area occupied Sq.mtrs.	800	1000	900	700	600
Light Points No.	15	35	8	7	6
Employee Numbers No.	5	15	6	4	2
Capital value of plant Rs.	30000	15000	5000	4000	6000
Estimated Direct labour Hours hrs.	1000	2000	1000		

The expenses of service dept.,D and E are to be charged as follows:

Particulars	A	B	C	D	E
Dept.,D	20%	50%	20%	-	10%
Dept.,E	10%	30%	40%	20%	_

You are required find out the overhead rate per hour in production Depts., using repeated distribution method. **(10 Marks)**

OR

Explain its causes and suggest measures to control labour turnover in an organization. **(10 Marks)**

Q.5. Following details have been obtained from the cost records of Domino Ltd., Dombivali for the year ended 31st March 2020 CO5

Particulars	₹
Stock of Operating Materials as on 1st April 2019	3000
Wages paid to Direct Workers	5500
Interim dividend paid	1200
Purchases of Raw Materials	8700
Heating and Lighting	600
Counting House Salaries	2000
Carriage and Cartage on Purchases of Raw Materials	300
Commission on Sales	500
Wages Payable	500
Technical Director's Fees	1000
Stock of Operating Material as on 31st March 2020	4000
Show-room Expenses	700
Establishment on Cost	1200
Share Transfer Fees	200
Expenses of Testing Labs	400
Branch Office Expenses	800
After-Sales Service Expenses	800
Selling Price	25000

Prepare a Cost Sheet showing :

a) Cost of Material Consumed
b) Prime Cost
c) Works Cost
d) Cost of Production
e) Total Cost
f) Profit. **(10Marks)**

OR

Explain how Cost Accounting helps in cost control and cost reduction. Discuss its advantages and limitations in achieving organizational efficiency. (10Marks)

Q.6. Bajaj Constructions. Pune undertook a contract of rs.400000 for the construction of a Sports Gymkhana on 1 st April 2025 the following information is taken up from the contract ledger as on 31st March 2026 in respect of the above. CO6

Particulars	Rs.
Materials directly issued from Stores	65000
Materials Purchased	35000
Scrap Materials sold	4,000
Materials Transferred to other contract	5,000
Materials in hand on Site	5500
Materials Returned to Stores	3,000
Direct Wages paid and payable	42500
Direct Charges	22500
Overheads Charged to contract	20,000
Sub-contract Cost	4500
Cost of Additional Work	1700
Outstanding Direct Expenses	800
Plant Purchased on 1st April 2025 and issued directly	40,000
Annual Depreciation on Plant	4,000
Plant Transferred on 1st April 2025 to other contract	20,000
Cash received being 90% of Work Certified	180,000

Uncertified Work being 8% of certified work

You are required to prepare: 1) contract Account 2) Contractee's Account.

(10 Marks)

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