

CBSE | DEPARTMENT OF SKILL EDUCATION

COST ACCOUNTING (SUBJECT CODE - 823)

Marking Scheme of Sample Question Paper for Class XII (Session 2020-2021)

Max. Time: 3 Hours

Max. Marks: 60

General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **24 questions** in two sections – Section A & Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. **Out of the given (6 + 18 =) 24 questions, a candidate has to answer (6 + 11 =) 17 questions in the allotted (maximum) time of 3 hours.**
5. All questions of a particular section must be attempted in the correct order.
6. **SECTION A - OBJECTIVE TYPE QUESTIONS (30 MARKS):**
 - i. This section has 06 questions.
 - ii. There is no negative marking.
 - iii. Do as per the instructions given.
 - iv. Marks allotted are mentioned against each question/part.
7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (30 MARKS):**
 - i. This section contains 18 questions.
 - ii. A candidate has to do 11 questions.
 - iii. Do as per the instructions given.
 - iv. Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

| Q. 1 | Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks) | |
|-------------|---|----------|
| i. | Sources of motivation and inspiration are: Books, Activities, Dreaming big etc. <div style="text-align: right;">(Any one)</div> | 1 |
| ii. | Jobs in water conservation are; Water treatment specialist. Water Auditor Water policy Analyst Water resource planning manager Water Quality Monitoring Water conservation Representative | 1 |
| iii. | MS Power Point | 1 |
| iv. | Interpersonal | 1 |
| v. | Non Verbal | 1 |
| vi. | Slides | 1 |

| Q. 2 | Answer any 5 out of the given 7 questions (1 x 5 = 5 marks) | |
|-------------|--|----------|
| i. | Prime | 1 |
| ii. | Single | 1 |
| iii. | b. Industrial Cost | 1 |
| iv. | d) All of the above | 1 |
| v. | c) Prime cost and Factory overheads | 1 |
| vi. | Cost | 1 |
| vii. | c) Fuel Charges | |

| Q. 3 | Answer any 6 out of the given 7 questions (1 x 6 = 6 marks) | |
|-------------|--|----------|
| i. | b. Job ticket | 1 |
| ii. | d) All of the above. | 1 |
| iii. | Completion | 1 |
| iv. | d. Goods in Process Inventory | 1 |

| | | |
|-------------|--|----------|
| v. | True, Batch costing is suitable for pharmaceutical industry? | 1 |
| vi. | Debited | 1 |
| vii. | Contract | 1 |

| | | |
|-------------|--|----------|
| Q. 4 | Answer any 5 out of the given 6 questions (1 x 5 = 5 marks) | |
| i. | Profit and Loss account | 1 |
| ii. | Debited | 1 |
| iii. | Retention | 1 |
| iv. | Cost per unit | 1 |
| v. | Homogeneous | 1 |
| vi. | True | 1 |

| | | |
|-------------|--|----------|
| Q. 5 | Answer any 5 out of the given 6 questions (1 x 5 = 5 marks) | |
| i. | Expenses | 1 |
| ii. | Rs 1,600 | 1 |
| iii. | Debited | 1 |
| iv. | Service | 1 |
| v. | Log sheet | 1 |
| vi. | False | 1 |

| | | |
|-------------|--|----------|
| Q. 6 | Answer any 5 out of the given 6 questions (1 x 5 = 5 marks) | |
| i. | d. Driver | 1 |
| ii. | True | 1 |
| iii. | Reconciliation Statement | 1 |
| iv. | a) Cost accounting | 1 |
| v. | c) Credited in Financial P&L account | 1 |
| vi. | a. Over absorption of overheads | 1 |

SECTION B: SUBJECTIVE TYPE QUESTIONS

Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks)

Answer each question in 20 – 30 words.

| | | | |
|--------------|--|--------|----------|
| Q. 7 | True, | 1 mark | 2 |
| | Any valid reason required | 1 mark | |
| Q. 8 | Self-motivation is important because | | 2 |
| | <ul style="list-style-type: none"> • It increases individual's energy and activity. • It directs an individual towards specific goals. • It results in initiation and persistence of specific activities, thus keeps him/her active. • It affects cognitive processes and learning strategies used by individual for completing similar tasks. | | |
| | Any two reasons | | |
| Q. 9 | A presentation is a systematic display of information. | | 2 |
| | Cost accountant may present a number of slides containing text, graphics, movies, sound, and graphs. Slides of a presentation can be displayed one by one on the screen in front of management. | | |
| Q. 10 | Recycling materials helps the environment by reducing wastages and improves the efficiency too. It reduces the cost of production hence increases the profitability. | | 2 |
| Q. 11 | Listening skills helps the employees to | | 2 |
| | <ol style="list-style-type: none"> 1. Understand the concept and 2. The instructions provided to them 3. Which reduces wastages and improves profitability. | | |

Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)

| | | | |
|--------------|---|----------|----------|
| Q. 12 | Prime Cost = Direct material + Direct labour + Direct expenses (1 Mark) | | 2 |
| | = 24,000 + 15,000 + 12,000 | | |
| | = RS 51,000 | (1 Mark) | |
| Q. 13 | Advantages of job costing are as follows: (Any two) | | 2 |
| | <ol style="list-style-type: none"> 1. Data generated by the job costing records can be used for analysis and cost control by the management. 2. It indicates the profitable or non-profitable jobs. 3. It can be easily fitted into the double entry system. | | |
| Q. 14 | A batch refers to the bunch of identical items of products or components. Batch Costing is defined as “that form of specific order costing which applies where | | 2 |

| | | |
|--------------|--|----------|
| | similar articles are manufactured in batches either for sale or for use within the undertaking". Batch costing is used in Toy industry, shoe manufacturing industry, readymade garment industry, pharmaceutical industry etc. | |
| Q. 15 | i) It is due to nature of products like pilferage, dryness etc. ii) Normal loss is beyond human control. It can't be avoided. | 2 |
| Q. 16 | Log sheet is the sheet which provides information about the cost and other data on daily basis regarding the kilometer run, petrol usage, passenger/goods carried etc. that is provided to Driver of the vehicle. | 2 |

Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)

| | | |
|--------------|---|----------|
| Q. 17 | A pharmaceutical company is having annual demand of its medicine 40,000 units. For the production of units, company has to bear setting up and order processing cost of RS 100. Cost of manufacturing one unit is RS 8000. Cost of carrying is 10% per annum. Calculate Economic Batch Quantity. $\text{Economic Batch Quantity} = \sqrt{\frac{(2 * 40000 * 100)}{10\% \text{ of } 8000}} \quad (1 \text{ Mark for formula})$ <p>⇒ $\sqrt{10000}$ (1 Mark) ⇒ 100 units (1 Mark)</p> | 3 |
| Q. 18 | <ol style="list-style-type: none"> 1. The size of the job is generally large. 2. A contract may take more than one year to complete. 3. The work on the contract is carried out at the site of the contract. 4. Each contract is considered to represent a cost unit. 5. A separate contract account is prepared in the books of the contractor for each contract. 6. Material is specifically purchased for the contract. 7. Labour and other expenses are direct in nature. 8. Plant and equipment may be purchased or hired for the contract. 9. Payments to the contractor by the contractee are made at various stages of completion. | 3 |
| Q. 19 | Reconciliation statement is prepared to find out the causes of disagreement between profits shown by cost accounts and financial accounts. (1 Mark) | 3 |

| | | |
|--|--|-----------|
| | Purely financial charge – examples Any four | (2 Marks) |
| | <ul style="list-style-type: none"> a) Loss on sale of capital assets b) Discount on bonds, debenture etc. c) Loss on investment d) Interest on bank loans and mortgages. e) Fines and penalties f) Provision for bad and doubtful debt g) Amount written off, goodwill, discount on debentures, preliminary expenses h) Loss due to theft, pilferage, etc. | |

Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------|--|----------|----------------------|-------|--------|--|-----|--|-------------|-------|--------|-------------|-------|--------|--|-----------------|------|------|--------------------|-----|-----|--|-----------------|--|-------|----------------------|-----|------|--|------------------|--|------|---------------------|------|-------|--|----------|
| Q. 20 | <p>Subcomponents are:</p> <p>Prime Cost, Factory cost, Office cost and Cost of sales.</p> <p>The total cost has been divided into sub components representing the cost at various stages. Following are the various components of cost shown in the cost sheet or production account:</p> <p>1. Prime Cost: Prime cost is also named as “Direct Cost”, “Flat Cost”, “Basic Cost” or “First Cost”. It is the summation of all direct costs relating to production, i.e. direct material, direct labour and direct expenses.</p> <p>2. Factory Cost: Factory cost is also named as “Work Cost”, “Manufacturing Cost” or “Production Cost”. It is the summation of prime cost and factory overheads that includes indirect material, indirect labour and indirect expenses of factory. Factory cost includes all the direct cost relating to product and the indirect cost relating to factory.</p> <p>3. Office Cost: Office Cost is also named as “Cost of Production” or “Administration Cost”. Office cost is the summation of factory or work cost and office & administrative overheads. Any cost related to sales and distribution is not the part of office and administrative cost as they form a separate category. This total cost of production is adjusted with the opening and closing stock of finished goods to get the cost of goods sold.</p> <p>4. Cost of Sales: It is also named as “Total Cost”. It is derived by adding selling and distribution overheads to the cost of goods sold.</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Q. 21 | <p>You are required to calculate the prime cost.</p> <p>Prime cost=(2,500+1,500+2,900+700)-200=RS 7,400</p> | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Q. 22 | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Dr.</td> <td colspan="4" style="text-align: center;">Process ‘A’ Account</td> <td style="width: 25%; text-align: center;">Cr.</td> <td style="width: 20%;"></td> </tr> <tr> <td style="border: 1px solid black;">Particulars</td> <td style="border: 1px solid black;">Units</td> <td style="border: 1px solid black;">Amount</td> <td style="border: 1px solid black;">Particulars</td> <td style="border: 1px solid black;">Units</td> <td style="border: 1px solid black;">Amount</td> <td></td> </tr> <tr> <td style="border: 1px solid black;">To Raw Material</td> <td style="border: 1px solid black;">2000</td> <td style="border: 1px solid black;">8000</td> <td style="border: 1px solid black;">By Normal Loss A/c</td> <td style="border: 1px solid black;">200</td> <td style="border: 1px solid black;">500</td> <td></td> </tr> <tr> <td style="border: 1px solid black;">To Direct Wages</td> <td></td> <td style="border: 1px solid black;">13000</td> <td style="border: 1px solid black;">By Abnormal Loss A/c</td> <td style="border: 1px solid black;">100</td> <td style="border: 1px solid black;">1500</td> <td></td> </tr> <tr> <td style="border: 1px solid black;">To Indirect exp.</td> <td></td> <td style="border: 1px solid black; border-bottom: 3px double black;">6500</td> <td style="border: 1px solid black;">By transfer to Next</td> <td style="border: 1px solid black;">1700</td> <td style="border: 1px solid black; border-bottom: 3px double black;">25500</td> <td></td> </tr> </table> | Dr. | Process ‘A’ Account | | | | Cr. | | Particulars | Units | Amount | Particulars | Units | Amount | | To Raw Material | 2000 | 8000 | By Normal Loss A/c | 200 | 500 | | To Direct Wages | | 13000 | By Abnormal Loss A/c | 100 | 1500 | | To Indirect exp. | | 6500 | By transfer to Next | 1700 | 25500 | | 4 |
| Dr. | Process ‘A’ Account | | | | Cr. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | Units | Amount | Particulars | Units | Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Raw Material | 2000 | 8000 | By Normal Loss A/c | 200 | 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Direct Wages | | 13000 | By Abnormal Loss A/c | 100 | 1500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To Indirect exp. | | 6500 | By transfer to Next | 1700 | 25500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | 27500 | Process | | 27500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|---|---------------------------|-------|---------|--|-------|-------------|----------------------|---------------------------|------------|--------|--|-------------------|-------|-------|------------------------------|--|-------|---------------------------|-------|-------|-------------------------|--|-------|-----------------|--|--------|---------------------------------|--|-------|----------------------|-------|--------|-------------------|--|-------|--------------------------|-------|-------|----------|
| Q. 23 | <p>Operating costing is concerned with the ascertainment of operating cost for rendering a unit of service. It is a method of costing for the enterprises producing services rather than tangible commodities.</p> <p>Major Service organizations that use operating costing are: (Any Two)</p> <ol style="list-style-type: none"> 1. Transport Companies 2. Electricity Companies 3. Hospitals 4. Canteens/Catering Businesses 5. Hotels 6. Educational Institutions, etc. | | | | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Q. 24 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Particulars</th> <th style="width: 20%;">Cost records (RS)</th> <th style="width: 20%;">Financial records (RS)</th> </tr> </thead> <tbody> <tr> <td>Net Profit</td> <td>75,000</td> <td></td> </tr> <tr> <td>Selling Overheads</td> <td>6,000</td> <td>7,000</td> </tr> <tr> <td>Provision for doubtful debts</td> <td></td> <td>4,000</td> </tr> <tr> <td>Factory indirect expenses</td> <td>8,500</td> <td>7,000</td> </tr> <tr> <td>Director's remuneration</td> <td></td> <td>4,000</td> </tr> <tr> <td>Income-tax paid</td> <td></td> <td>18,500</td> </tr> <tr> <td>Rent received from own building</td> <td></td> <td>5,500</td> </tr> <tr> <td>Depreciation charged</td> <td>9,100</td> <td>11,900</td> </tr> <tr> <td>Dividend received</td> <td></td> <td>1,100</td> </tr> <tr> <td>Administrative overheads</td> <td>4,900</td> <td>7,800</td> </tr> </tbody> </table> | | | | | | Particulars | Cost records (RS) | Financial records (RS) | Net Profit | 75,000 | | Selling Overheads | 6,000 | 7,000 | Provision for doubtful debts | | 4,000 | Factory indirect expenses | 8,500 | 7,000 | Director's remuneration | | 4,000 | Income-tax paid | | 18,500 | Rent received from own building | | 5,500 | Depreciation charged | 9,100 | 11,900 | Dividend received | | 1,100 | Administrative overheads | 4,900 | 7,800 | 4 |
| Particulars | Cost records (RS) | Financial records (RS) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Profit | 75,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Selling Overheads | 6,000 | 7,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for doubtful debts | | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Factory indirect expenses | 8,500 | 7,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director's remuneration | | 4,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income-tax paid | | 18,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent received from own building | | 5,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation charged | 9,100 | 11,900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend received | | 1,100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative overheads | 4,900 | 7,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Reconciliation statement

| Particulars | + Items | -Items |
|---|---------|--------|
| Profit as per Costing Account | 75,000 | |
| Factory indirect expenses over-absorbed | 1,500 | |
| Rent received from own building | 5,500 | |
| Dividend received | 1,100 | |
| Selling overheads | | |
| Provision for doubtful debts | | 1,000 |
| Director's remuneration | | 4,000 |
| Income-tax paid | | 4,000 |
| Depreciation under-charged | | 18,500 |
| Administrative overheads | | 2,800 |
| | | 2,900 |
| | | 33,200 |
| Profit as per financial records | | 49,900 |
| | | 83,100 |
| | 83,100 | |
| | 83,100 | |