

QP Code : 11747

(3 Hours)

[Total Marks : 100

- N.B. : (1) Question No. 1 and Question No. 2 are compulsory.
(2) Attempt any four questions from the rest.
(3) Figures to the right indicates full marks allotted to the question.
(4) Working Notes should form part of the answer.

1. Falcon Ltd. wishes to prepare a Cash Budget from May to August from the following 20
estimated revenue and expenses:

Month	Credit Sales ₹	Credit Purchases ₹	Wages ₹	Mfg Expenses ₹	Office Expenses ₹	Selling Expenses ₹
March	30,000	18,000	4,500	2,000	1,000	2,000
April	31,000	19,000	4,000	1,500	750	2,500
May	32,000	16,500	5,000	2,250	1,250	2,250
June	29,000	17,500	4,250	1,750	1,000	1,750
July	28,000	19,500	4,500	2,000	500	2,250
August	30,000	17,000	4,000	1,500	750	2,250

Following further information is also available:

- Plant costing ₹8,000 is due for delivery in July. 10% of the cost is to be paid on delivery and balance after three months.
- Advance Tax ₹ 4,000 is payable in June.
- Period of credit allowed by suppliers is 2 months and credit allowed to customers is 1 month.
- Time lag in payment of manufacturing expenses half month.
- Time lag in payment of wages and all others expenses one month.
- Cash balance on 1st May is ₹ 4,000.

2. (a) Rewrite the following statements with the most appropriate choice. 8

- (i) Process cost is based on the concept of _____
• Average cost • Marginal cost • Standard cost
- (ii) Period cost means _____
• Variable cost • Fixed cost • Prime cost
- (iii) Sales budget is a _____:
• Function budget • Master budget • Expenditure budget

TURN OVER

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- (iv) Operating costing is useful for _____
- Manufacturing Company
 - Construction Company
 - Service Company
- (v) Margin of safety occurs when Actual sales is _____
- At Break even point
 - Above Break even point
 - Below Break even point
- (vi) Standard costing is a _____
- Method of costing
 - Technique of costing
 - System of cost Accounting
- (vii) Under Integrated system of Accounting _____
- Fixed cost and variable cost are combined
 - Financial Accounting and cost Accounting are combined
 - Sales and Non sales Revenues are combined.
- (viii) Tonne-km is useful for _____
- Transport costing
 - Hotel costing
 - Hospital costing

2. (b) State whether following statements are true or false :

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- (i) Fixed costs are excluded in the valuation of finished goods in Marginal costing.
- (ii) There exists a difference between Forecast and Budget.
- (iii) Process costing can be used when multiple processes are required to obtain finished product.
- (iv) Occupancy per room per day is the cost unit for Hotel costing.
- (v) An Employee can be appointed as a Cost Auditor.
- (vi) A cash Budget is similar to fund flow statement.
- (vii) Under absorption means actual expenses are less than absorbed expenses.
- (viii) Total costs and total revenue are unequal at BEP.

3. Xerion Enterprises operates an Integral System of Accounting. You are required to pass the Journal Entries for the following transactions that took place for the year ended 30-06-2014. 16

Particulars	₹
Payments to Creditors	5,00,000
Closing Stock	Nil
Raw Material Purchased (50% on-Credit)	15,00,000
Wages Paid (50% Direct)	5,00,000
Receipts from Debtors	5,00,000
Material issued to Production	10,00,000
Wages Charged to Production	2,50,000
Factory Overheads Charged to Production	2,50,000
Factory Overheads Incurred	2,00,000
Selling & Distribution Overheads Incurred	1,00,000
Finished Goods at Cost	12,50,000
Sales (50% Credit)	18,75,000

4. The following information is given in respect of Process X for the month of September 2014. 16

Work-in-progress (opening balance) on 1-09-2014(500 units)

	₹
– Material	2,400
– Labour	1,600
– Overheads	3,200

Units introduced during the month 19500

Processing cost incurred during the month:

	₹
– Material	93,100
– Labour	36,000
– Overheads	53,200

Output: Units transferred to Process Y- 18,200

Units scrapped (completely processed)- 1,400

Work-in-progress (closing balance)- 400 (Degree of completion:

Material- 100%, Labour and Overheads- 50%)

Prepare the following :-

- (1) Statement of Equivalent Production
- (2) Statement of Cost
- (3) Statement of Cost Evaluation
- (4) Process 'X' A/c

5. A transport service company is running five buses between two towns which are 50kms apart. Seating capacity of each bus is 50 passengers. The following particulars were obtained from their books for the month of April, 2014. 16

Particulars	₹
Wages of drivers, conductors and cleaners	3,00,000
Salaries of office staff	1,25,000
Diesel oil and other lubricants	4,37,500
Repairs and Maintenance	1,00,000
Taxation and Insurance	2,00,000
Depreciation (WDV method)	3,25,000
Interest	2,50,000

Actually passengers carried were 75% of seating capacity. All buses ran on all days of the month of April, 2014.

Each bus made one round trip per day.

Find out the cost per-passenger km.

6. From the following details calculate :- 16

Labour cost variance
Labour Price variance
Labour Efficiency Variance
Labour Mix Variance
Labour Yield Variance

Type of Labour	Standard		Actual	
	Hours	Rate ₹ Per hour	Hours	Rate ₹ Per hour
Turner	5	150	4500	200
Fitter	8	50	10000	45
Welder	4	70	4200	75
Output	1 Unit		1000 Units	

7. A company maintain its Cost Accounting under Non Integrated System of Accounting. 16
Pass Journal Entries for the following transactions.

- (1) Materials worth ₹ 10,000 purchased for a special job.
- (2) Materials work ₹2,00,000 were issued to production.
- (3) Direct expenses ₹2000 incurred for a special job.
- (4) Indirect wages paid to workers in production (₹7000) Administration (₹10000) and Distribution Department (₹8000)
- (5) Overheads incurred for production (₹12000) Administration (₹20000) and selling Department (₹6000)
- (6) Finished goods produced at cost ₹80000.
- (7) Sales Returns at cost ₹2200
- (8) Bad debts amounts to ₹500
- (9) Cost of free samples ₹900
- (10) Net loss as per costing P & L A/C ₹1895.

8. (a) From the following mentioned figures calculate. 10

- (i) P/v Ratio and total fixed expense.
- (ii) Profit or loss from sale of ₹12000
- (iii) Sales required to earn profit ₹2000
- (iv) Sales required to break-even

Period	Sales	Profit
	₹	₹
First	14433	385
Second	18203	1516

(b)	2012	2013
Sales	24,00,000	?
P/v Ratio	33-1/3%	30%
Margin of safety	40%	25%

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There is no change in sales volume but selling price is reduced.
Find out sales, profit and fixed cost for the year 2013.

9. Write Short Notes (any four) :-

- (1) Cost Audit Report (Rules)
- (2) Limiting Factor
- (3) Cost Audit Programme
- (4) Inter Process Profit.
- (5) Duties of Cost Auditor.

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