

Time: 2 ½ hours

Marks: 75

Note: 1. All question are compulsory.

2. Figures to the right indicate full marks.

Q1. Objectives Question:

(15)

(A) State whether the following are true or false: (Any 8)

(8)

1. In Absorption costing both fixed and variable cost are allocated to cost units.
2. A historical cost is a cost which is irrecoverable and which has already been incurred in the past.
3. The output of process 1 becomes the input of process 2.
4. Normal loss is shown on the credit side of process account.
5. Danger level is normally a level below the minimum stock level.
6. Under FIFO method, stock purchased first is deemed to be issued first.
7. Labour turnover can be reduced.
8. Debenture interest is excluded from cost sheet.
9. Rent received is only credited in financial accounts.
10. Uniform costing helps in cost control.

(B) Match the following: (Any 7)

(7)

A	B
1. Prime Cost	a. Halsey Premium Plan
2. Depreciation on Plant and Machinery	b. Abnormal Gain
3. Bonus system	c. Selling and Distribution overhead
4. Normal Loss	d. Raw material consumed
5. Actual loss < Normal Loss	e. Factory overhead
6. Carriage outward	f. Japan by Toyota Motors
7. Bad Debt	g. Direct cost
8. Direct Material	h. Scrap value
9. Just in Time	i. Finance overhead
10. Target costing	j. Cost management tool

(15)

Q2. A company is having two production departments namely A and B and two service departments S1 and S2. The expenses incurred during the month of March, 2014 as follows:

Expenses	Amount (Rs)
Electricity	3,600
Insurance on Assets	9,000
Power	15,000
Rent & Taxes	28,000
Depreciation	18,000
Canteen Expenses	5,400

Particulars	A	B	S-1	S-2
Floor Space (sq.ft)	6,000	4,000	2,000	2,000
No. of Workers	100	50	50	25
H.P of Machine	120	60	30	15
Direct Wages (Rs.)	10,000	10,000	5,000	3,000
Value of Assets (Rs. in thousand)	10	4	3	1
Direct Materials (Rs.)	15,000	10,000	5,000	-
No. of Light Points	30	15	10	5

Prepare a statement showing Primary Distribution of overheads.

OR

(15)

Q2. A product passes through three Processes. The following cost data have been extracted from the book of a company.

Input to Process A = 20,000 unit at Rs.28 per unit.

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials	12,000	10,000	9,000
Direct Labour	16,000	5,000	4,900
Manufacturing Expenses	2,000	3,400	3,590
Normal Loss	20%	15%	10%
Scrap value per unit	1	2	3
Actual output (Unit)	18,000	16,000	15,000

Prepare Process A, Process B and Process C Accounts.

Q.3 (A) From the following particular find out the Economic Order Quantity:

(8)

Annual Demand	12,000 units
Ordering cost	Rs.90 per order
Inventory carrying cost per annum per unit	Rs.15

Q.3 (B) Calculate earning of a worker under Halsey premium Plan and Rowan Premium Plan from the following:

(7)

Standard Time allowed	70 hour
Time taken	60 hours
Hourly rate of wages	Rs.20 per hour

OR

(15)

Q3. Calculate by FIFO method of inventory valuation and value of closing inventory from the following data:

Date	Transaction	Unit	Rate
1-1-2017	Opening	50	25
4-1-2017	Purchase	40	30
17-1-2017	Purchase	60	28
20-1-2017	Sales	50	35
22-1-2017	Purchase	80	29
25-1-2017	Sales	80	33
28-1-2017	Sales	20	34
30-1-2017	Purchase	100	26
31-1-2017	Sales	90	35

(15)

Q4. From the following information, prepare detailed cost sheet for the year ended 31.3.2017.

PARTICULARS	RS.
Opening Stock – Raw Materials	20,000
Finished Goods	30,000
Purchases of Raw Materials	15,00,000
Direct Wages	12,00,000
Power	99,500
Carriage on Purchase of Raw Materials	20,000
Cost of Special Design	50,000
Custom Duty and Octroi on Raw Materials	60,000
Rent and Rates – Office	50,000
Factory	70,000
Telephone Expenses	30,000
Advertisement	75,000
Electricity – office	15,000
Factory	30,000
Machinery Lost in Fire	1,00,000
Depreciation – Plant and Machinery	80,000
Delivery Van	20,000
Income Tax	1,20,000
Salaries	2,50,000
Donations	70,000
Establishment Expenses	1,00,000
Rent of Showroom	65,000
Interest on Loan	45,000
Sale of Factory Scrap	7,500
Dividend Received	17,500
Directors Fees	60,000
Mailing Charges of Sale Literature	10,000
Closing Stock – Raw Materials	1,85,000
Finished Goods	30,000

Other Information:

- (a) 60% of Telephone Expenses relate to office and 40% to Sales Department.
- (b) Salaries to be allocated to the Factory, Office and Sales Department in the ratio of 1: 2: 1.
- (c) Establishment Expenses are to be apportioned equally between office and Sales Department.
- (d) Sales are made to earn profit @ 20% on selling price

OR

(15)

Q.4. From the following figures prepare a reconciliation statement and calculate profit as per cost record.

Particular	Rs.
Net profit as per financial record	1,20,000
Works overhead under-recovered in costing	3,000
Administrative overhead recovered in excess in Costing	1,500
Depreciation charged in financial records	12,000
Depreciation recovered in costing	12,500
Interest received but not included in costing	6,000
Obsolescence loss charged in financial records	6,500
Income-tax provided in financial books	30,000
Bank interest credited in financial books	500
Stores adjustments (credit in financial books)	700
Loss due to depreciation of stock charged in financial books	7,050

Q5. (A) How is cost classified? (8)

Q5. (B) Explain bench marking in detail (7)

OR

Q.5. Write short notes on: Any 3 (15)

- a) Financial Accounting v/s Cost Accounting.
- b) Target costing
- c) Sock levels
- d) Cost Sheet
- e) Weighted average method of inventory valuation.
