

Set 4

- Q.1] A] a) Cost Centre b) Sunk
 c) Cost d) Financial
 e) Basic f) days
 g) Increase h) 40
 i) Selling & Distribution
 j) Factory/Works.

B] True: b), c), e), g), i), j)

False: a), d), f), h),

Q.2] A] Cost Sheet for the year

	10000un. 2017		15000un. 2018	
	Total	Sp'u	Total	Sp'u
materials	13000	13	15600	10.4
(+) Wages	7000	7	13650	9.1
(+) Direct exps.	5000	5	7500	5
PRIME COST	25000	25	36750	24.5
(+) Factory O.H.				
Fixed	3600	3.6	2400	1.6
Variable	2600	2.4	4320	2.88
FACTORY COST	31,000	31	43470	28.98
(+) Admn. O.H.	2000	2	1500	1
COST OF PROD.N.	33,000	33	44970	29.98
(+) Selling & Dist'n O.H.				
Fixed	1200	1.2	900	0.6
Variable	1800	1.8	3375	2.25
COST OF SALES	36000	36	49245	32.83
(+) Profit	4000	4	5472	3.65
SALES	40000	40	54717	36.48

2017 → 5m
 2018 → 10m

Q-2 B]

Cost sheet f.y. 31/12/17		Profit Reconciliation Statement	
Particulars		Particulars	
Materials	130000	Profit as per cost	71000
(+) Wages	70000	(+) Material	10000
PRIME COST	200000	FOH	10000
(+) F.O.H. (30%)	60000	Sales	30000
FACT. COST	260000	Int on Invnt	30000
(+) A.O.H.	26000		80000
<u>COST OF PRODN.</u>	<u>286000</u>		
(+) S & D.O.H.	63000	(-) Wages	10000
TOTAL COST	349000	Ad'exp.	8000
(+) profit	<u>71000</u>	sel'exp.	3000
SALES	<u>420000</u>	(Int on Invnt)	20000
			41000
		Profit as per fin.	<u>10000</u>

DR Profit & Loss A/c. f.y. 31/12/17		CR	
To materials	120000	By Sales	450000
To Wages	80000		
To Factory exp	50000	By Int on	
To Ad'exp	34000	Invnt.	30000
To Sel'exp	66000		
To Int. on loan	12000		
To Loss on sale	8000		
To Net profit	<u>10000</u>		
	<u>480000</u>		<u>480000</u>

[5 marks each]

Q.3]

(A)

1] Fixed O.H. Cost Variance = ₹ 4800 (A)

2] Fixed O.H. Expend Vari = ₹ 7,300 (A)

3] Fixed OH Volume Vari = ₹ 2,500 (F)

4] Fixed OH Efficiency Vari = 500 (A)

5] Fixed OH Capacity Vari = ₹ 3,000 (F)

[3 marks each]

Set 4]

a) LCV = ₹ 400 (A)

b) LRV = ₹ 300 (A)

c) LRV = ₹ 100 (A)

d) LRV = ₹ 140 (F)

e) LRV = ₹ 240 (A)

[3 marks each]

Q.4] A]

Marginal Cost Statement

O/P = 5000 units

a) PV ratio = 50%

Particulars	Total ₹	₹ p.u.	b) BEP
Sales	15000	3	₹ 9000
(-) V.C	<u>7500</u>	<u>1.50</u>	units 3000
C	7500	<u>1.5</u>	
(-) FC	<u>4500</u>		c) Reqd Profit
Profit	<u>3000</u>		₹ 500

d) ₹ 21000

e) MOS (units) = ~~2000~~ units
2000 units [3 marks each]

B] Marginal Cost Stmt

O/P =

a) PV ratio = 40% [3m]

Particulars	Total ₹	₹ p.u.
Sales		10
(-) VC		
excl. comm		5
comm		<u>1</u>
Contri.		<u>4</u>

b) BEP (₹) = ₹ 325000 [3m]

c) Reqd sales = ₹ 412500 [3m]

(-) FC	<u>1,30,000</u>
Profit	<u> </u>

d) New SP	9
(-) VC	
excl comm	5
comm	<u>0.9</u>
Contri.	<u>3.1</u>

New PV ratio = 34.44% [2m]

