Professor Vishwanathan Iyer's

HERAMB COACHING CLASSES

Yogeshwar Tower, Katemanivali, Kalyan (East)

TYBCOM/COSTING/10/11/17 Marks: 75 Duration: 2 ½ HOURS

Q. 1A) Select the most appropriate alternative and complete the following sentences :(Any 8) (8)

(i) Which of the following is not a function of cost accounting?

(a) Cost ascertain (c) External reporting
(b) Planning and control (d) Decision making

(ii) The storekeeper should initiate purchase requisitions when stock reaches

(a) Minimum level (c) Maximum level
(b) Re-order level (d) Average level

(iii) Labour turnover is

(a) Productivity of labour (c) Efficiency of the labour
(b) Change in labour force (d) Total cost of labour

(iv) Selling and distribution overheads does not include

(a) Cost of warehousing (c) Repacking cost
(b) Transportation cost (d) Demurrage charges

(v) If an item of overhead expenditure was not charged specifically to a single department this would be an example of

(a) Apportionment (c) Allocation
(b) Re-apportionment (d) Absorption

(vi) Which of the following is not a component of Prime Cost?

(a) Direct materials (c) Direct labour
(b) Direct expenses (d) Direct overheads

(vii) Cost of production – Administration overheads =

(a) Cost of goods sold (c) Total cost
(b) Works cost (d) Work ion progress

(viii) Which of the following items is not excluded while preparing a cost sheet?

(a) Goodwill written off (c) Provision for taxation
(b) Property tax on factory building (d) Transfer to reserve

(ix) Profit as per cost record Rs. 43,000, Work overheads less charged Rs. 1,000, Office expenses overcharged Rs. 8,000

(a) Profit as per financial book Rs. 52,000 (c) Profit as per financial book Rs. 34,000
(b) Profit as per financial book Rs. 50,000 (d) Profit as per financial book Rs. 36,000

(x) In a reconciliation statement, overheads over-recovered in cost account are

(a) Added to financial profit (c) Deducted from costing profit
(b) Deducted from financial profit (d) Added to costing profit

Q.1B. State whether the following statements are true or false.(Any 7) (7)

1 Factory overheads includes all production cost other than direct materials and salaries.
2 In FIFO method, closing stock is valued at oldest prices of material.
3 Casual workers are usually indirect work
4 Machine hour rate is separately computed for each machine.
5 Rate per unit of production is the easiest and most suitable of all the methods of absorption.
6 Carriage inward is not really an overheads at all, but is a direct cost.
7 Notional interest on owner's capital appears only in financial profit and loss a/c
8 Goodwill written off appears only in cost account
9 Marginal cost are not at all helpful to management for decision making .
10 Prime cost = Factory cost

Q. 2. Real industries Ltd. commenced business on 1st April, 2013.Cost and financial records are maintained for the year ended 31st March, 2014. From the following information prepare statements: (a) showing the result as per costing records. (b) Showing result as per financial records and (c) Reconciling these results. **(15)**

Particulars	**As per costing Records**	**As per Financial Records**
Material consumed (30,000 Kgs.)	Rs. 30.00 per Kg.	Rs. 28 per Kg.
Direct Wages (5000 man days)	Rs. 80 per man day	Rs. 85 per man day
Production Overheads	20% of the Prime Cost	Rs. 4,60,000
Office Overheads	Rs. 30 per Kg. of output produced	Rs. 4,00,000
Sales Overheads	Rs. 40 per Kg. of output sold	Rs. 8,30,000
Closing stock		
Finished goods 2,000 Kgs.	At cost of production	Rs. 1,00,000
Work in Progress	Rs. 1,00,000	Rs. 1,10,000
Sales (28,000 Kgs.)	Rs. 140 per kg.	Rs. 139.660 per Kg.
Rent Income	-	Rs. 2,40,000
Preliminary expenses written off.	-	Rs. 60,000

OR

Q.2. The following is the record of receipts & sales of certain goods during April, 2001: **(15)**

Date	**Receipts**
1.7.2013	Opening Stock 5000 units @ Rs.8 per unit
2.7.2013	Purchased 6000 units @ Rs.10 per unit
4.7.2013	Purchased 1000 units @ Rs.10.20 per unit
6.7.2013	Purchased 2000 units @ Rs.10.50 per unit
Date	**Sales**
3.7.2013	3000 units @ Rs. 9 per unit
5.7.2013	4000 units @ Rs. 10.50 per unit
7.7.2013	4000 units @ Rs. 12 per unit

Stock verification on 3rd April revealed loss of 100 units. Show the cost of goods sold, profit and the valuation of stock on 7th April, 2001 under FIFO.

Q.3. The modern company is having four departments A,B & C are the producing departments and D is a servicing department. **(15)**

The actual costs for a period are as follows:

Particular	**Rs.**
Rent	2,000
Repairs	1,200
Depreciation	900
Light	200
Supervision	3,000
Insurance	1,000
Employee's Insurance	300
Power	2,400

The following data are also available in respect of our departments

Particular	**Dept. A**	**Dept. B**	**Dept. C**	**Dept. D**
Area in sq. feet	150	110	90	50
Number of workers	24	16	12	8
Total wages	Rs. 8,000	Rs. 6,000	Rs. 4,000	Rs. 2,000
Value of plant	Rs. 24,000	Rs. 18,000	Rs. 12,000	Rs. 2,000
Value of stock	Rs. 15,000	Rs. 9,000	Rs. 6,000	Rs.. ----

Apportion the costs to various departments on the equitable basis

OR

Q.3. Calculate the earnings of A and B from the following particulars for a month and allocate the labour cost to each job X, Y and Z: **(15)**

Particulars	**A**	**B**
Basic wages	Rs.100	160
Dearness allowances	50%	50%
Contribution to provident fund (on basic wages)	8%	8%
Contribution to Employees state Insurance (on basic wages)	2%	2%
Overtime, done on job Y	10 Hours	---

The normal working hours for the month are 200. Overtime is paid at double the total of normal wages and dearness allowance. Employer's contribution to state insurance and provident fund are ate equal with employee's contribution. The two workers were employed on jobs X, Y and Z in the following proportions:

	X	Y	Z
Worker A	40%	30%	30%
Worker B	50%	20%	30%

Q. 4. Patil Co. Ltd. furnishes to you the following information for the year ended 31st March, 1996 **(15)**

Production and Sales	15,000 Units
	Rs.
Sales	15, 00,000
Direct labour	6, 00,000
Direct Materials	5, 00,000
Factory Overheads	2.50,000
Administrative Overheads	95,000
Sales Overheads	80,000

On account of intense competition following changes are estimated in the subsequent year:-

1) Production and sales activity will be increased by one-third.
2) Material rate will be lower by 20%. However there will be increase in consumption by 25% due to quality difference.
3) Direct labour cost would be reduced by 10% due to automation.
4) Out of the above factory overheads, Rs.1, 00,000 are of fixed nature. The remaining factory expenses are variable in proportion to the number of units produced.
5) Total administrative overheads will be lower by 20%
6) Sales overheads per unit would remain the same.
7) Sale price per unit would be lower by 20%.

Prepare a statement of cost for both the years ending 31st March,1996 and 31st March,1997 showing maximum possible details of cost.

OR

Q.4. The Manik co produces two different types of product, A and B. The following information is collected: **(15)**

	A	**B**
Annual Demand	4,000 units	2,560 units
Relevant ordering cost per purchase order	Rs 1,200	Rs 1,400
Annual relevant carrying cost per bag	Rs 480	Rs 560

(i) Compute EOQ for A and B

(ii) For the EOQ, what is the sum of the total annual relevant ordering costs and total annual relevant carrying costs for A and B?

(iii) For the EOQ, Compute the number of deliveries per year for A and B.

Q.5. (A) Explain the advantages and disadvantages of cost accounting. **(8)**

(B) What is are the factors affecting economic order quantity? **(7)**

OR

Q 5 Short notes (Any three) **(15)**

a) Uniform costing
b) Direct cost
c) Prime cost
d) Material Costing
e) Carrying cost

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