

[3 Hours]

[Total Marks: 100]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
  2. Figures to the right indicate full marks allotted to the question.
  3. Working note wherever necessary should form part of your answer.
  4. Calculate figures up to two decimal points wherever required.

1. (a) Select the most appropriate option and rewrite the full sentence (Any Ten) 10
- 1) \_\_\_\_\_ is the portion of total cost which cannot be identified and direct to the production cost.
    - Indirect cost
    - Direct cost
    - Fixed cost
    - Variable cost
  - 2) Gold in Jewellery is the example of \_\_\_\_\_
    - Basic Raw material
    - Raw material
    - Semi finished goods
    - Finished goods
  - 3) The method which doesn't differentiate between efficient and inefficient worker is \_\_\_\_\_
    - Time Rate
    - Piece Rate
    - Rowan Plan
    - Halsey Plan
  - 4) After receiving material inspection note, the receiving official will prepare \_\_\_\_\_.
    - Material Requisition
    - Goods Received Note
    - Receipt of Material
    - None of these
  - 5) Salary of works manager is a \_\_\_\_\_.
    - Selling overhead
    - Office overheads
    - Factory overheads
    - Prime cost
  - 6) The statutory provision regarding deduction from payroll pertain to \_\_\_\_\_.
    - Tax deduction at source
    - Professional Tax
    - Provident fund
    - All of the above
  - 7) Under Time Rate System, the wages is equal to \_\_\_\_\_.
    - Labour hours x Labour Hour Rate
    - Piece completed x Piece Rate
    - Actual output x Actual productive hours
    - None of these
  - 8) Holiday pay is apportioned on the basis of \_\_\_\_\_.
    - No. of workers
    - Direct wages
    - No. of workers and Direct wages
    - None of these
  - 9) Interest on Bank Deposit is \_\_\_\_\_.
    - Credited in Financial Profit and Loss A/C
    - Credited in Costing Profit and Loss A/C
    - Debited in Financial Profit and Loss A/C
    - Debited in Costing Profit and Loss A/C

- 10) \_\_\_\_\_ is not included in the administrative cost.
- Salaries of office staff
  - Office expenses
  - Telephone charge
  - Salaries of foremen
- 11) In Reconciliation statement, Closing stock over valued in Financial Account is \_\_\_\_\_
- Added to financial Profit
  - Deducted from financial loss
  - Added to costing profit
  - Deducted from costing profit
- 12) Production manager is an example of \_\_\_\_\_
- Production cost Centre
  - Impersonal cost Centre
  - Personal cost centre
  - Service cost Centre

1. (b) State Whether the following statements are true or false (Any Ten) 10

- 1) Cost Accounting is used only in Manufacturing industry.
- 2) Earning under Halsey and Rowan plan are same.
- 3) Under Perpetual inventory control, stock is verified periodically.
- 4) Interest on capital is imputed cost.
- 5) FIFO method is usually suitable in case of perishable material.
- 6) Power failure is an abnormal Idle time.
- 7) Drawing Office salaries is an item of Factory Overheads.
- 8) Goods received Note is prepared by Storekeeper.
- 9) Over absorption of overheads increases costing Profits.
- 10) Transfer to general reserve is an item of Cost Accounts.
- 11) Bin Card is same as Stores Ledger.
- 12) Loss on Sale of Fixed assets is included in Cost for calculating profit.

2. SAM Manufacturing Company gives following particulars for the year 2017. 15

Particulars	₹
Material	5,00,000
Direct Wages	3,00,000
Administrative Overheads (fixed)	2,00,000
Sales	24,00,000
Profit	5,00,000
<b>Factory Overheads:</b>	
Fixed	2,00,000
Variable	4,00,000
<b>Selling and Distribution overheads:</b>	
Fixed	1,20,000
Variable	1,80,000

The Company has worked to its maximum capacity of 20,000 Units during 2017.  
The management has decided to increase production capacity to 30,000 Units for the year 2018 and it estimated that:-

1. There will be allround rise in all variable expenditure by 10%
2. There will be increase of 20% in all fixed overheads
3. There will be no need to change the selling price for the year 2018.

Prepare a statement showing Total as well as Unit Cost and profit for 2017.



Also prepare a statement showing estimated profit for 2018 taking into consideration the changes in 2018.

OR

2. (a) Calculate the earning of Sky and Blue From the following Particulars for a month and allocate the labour cost of each job R, S and T: 08

Particulars	Sky	Blue
Basic Wages	₹ 200	₹ 320
Dearness Allowance	50%	50%
Contribution to Employee State Insurance (On Basic wages)	2%	2%
Contribution to Provident Fund (On Basic Wages)	8%	8%
Overtime (Hours)	10	-

The normal working hours for the month are 400. Overtime is paid at double the total of normal wages and dearness allowance. Employer's and Employee's Contribution to State Insurance and Provident Fund are at equal rates. The Two workers were employed on Job R, S and T in the following proportions:

Worker	Jobs		
	R	S	T
Sky	40%	30%	30%
Blue	50%	20%	30%

Overtime was done on Job S at the request of customers.

2. (b) Calculate the earnings of a worker using Halsey and Rowan Plan based on the following information. 07

Time allowed to complete the job	180 hours
Time taken to complete the job	144 hours
Rate of Wages per hour	₹ 20
Dearness allowances is ₹ 40 per day of eight hours.	

3. BAT Ltd. Commenced Business on 1<sup>st</sup> April 2017, Cost and Financial records are maintained for the year ended 31<sup>st</sup> March, 2018, From the following information: 15

- Prepare Cost Sheet for the year ended 31<sup>st</sup> March 2018
- Prepare Reconciliation Statement for the above period.

Particulars	As per Financial Records (₹)	As per Costing Records (₹)
Direct Material Consumed	1,58,750	1,58,750
Direct Wages	1,27,500	1,26,875
Factory Overheads	61,250	20% of Prime Cost
Administrative Overheads	1,60,000	₹ 5 Per Unit of production
Preliminary expenses written off	4,625	-
Dividend received	4,400	-
Interest received on fixed deposit	5,950	-
Selling and Distribution O/H	2,34,625	₹ 8 Per Unit Sold
Reserve for Bad Debts	475	-
Closing stock of Finished goods (1250 units)	22,500	?
Closing stock (WIP)	5,500	5250
Sales (1,30,000 units)	7,50,000	7,50,000

In Cost Accounts, Closing stock of Finished Goods is valued at Cost of Production. The profit as per financial records for the year ended 31<sup>st</sup> March 2018 was ₹ 41,125/-

OR

3. (a) Tomco Ltd. Manufactures a special product called "A" and provides you the following information: 08

Annual Demand	2,000 Units
Cost per unit	₹20
Other holding cost	15%
Pilferage while holding inventory	10%
Order Processing cost for each order	₹ 25
Inspection cost per order	₹10
Follow up cost of each order	₹ 15

Calculate:-

- i) Economic order quantity (use formula method)  
 ii) Total ordering and carrying cost at EOQ level
3. (b) From the following information calculate Material Turnover Ratio and express it in number of Days. You are required to consider 365 days in a year. 07

Particulars	Materials A ₹	Materials B ₹	Materials C ₹
Opening Stock	13,000	14,000	17,000
Purchases	94,000	1,76,000	2,96,000
Closing Stock	7,000	10,000	13,000

4. GUM Ltd. has three Production Departments X, Y, Z and Two Service departments S1 and S2. The following details are extracted from the books of accounts in respect of indirect expenses incurred for the month ended March, 2018 15

Particulars	₹
Supervision	10,000
Insurance on stock	12,000
Indirect wages	9,000
Lighting	1,200
Rent and rates	12,000
Electric Power	6,000
Depreciation	24,000
Sundry Expenses	7,800

Following further details are collected for distribution of the above Costs:

Particulars	Departments				
	X	Y	Z	S1	S2
Value of Machinery (₹)	60,000	50,000	80,000	10,000	-
Horsepower of Machines	40	45	60	5	-
Light Points (Nos)	20	30	40	20	10
Floor Space (sq. Meters)	150	200	250	100	50
Direct Wages (₹)	30,000	20,000	40,000	4,000	6,000
No. of workers	20	30	30	10	10
Value of stock	4,000	3,000	2,000	2,000	1,000

Prepare statement showing Primary Distribution of Overheads.

OR



4. (a) Calculate the Machine Hour Rate from the following information:

08

Cost of Machine	₹ 8,00,000
Cost of Installation	₹ 2,00,000
Scrap value	₹ 2,00,000
Effective life of the machine	10 years
Rent and rates for a quarter for the shop	₹ 30,000
General lighting Expenses	2,000 per month
Shop Supervisor's Salary	₹ 60,000 per quarter
Insurance premium for a Machine	₹ 6,000 per annum
Estimated repairs	₹ 10,000 per annum
Power 2 units per hour	@ ₹ 5 per 10 units
Estimated working hours	2,000 per annum

The machine occupies 1/4 th of the total area of the shop. The supervisor is expected to devote 1/6 of his time for supervising the machine.

4. (b) A Manufacturer supplies you the following information:

07

Consumption of Raw Material Half Yearly	15,000 kg
Cost of placing an order	₹ 44
Cost of Raw Material	₹ 4 per kg.
Follow up cost of each order	₹ 4 per kg.

Carrying cost is 8% of average inventory

You are required to ascertain the Economic Order Quantity using Formula Method and also state the number of orders to be placed in the year.

5. (a) From the following data of Textile factory machine room, compute an hourly Machine Rate assuming that the machine room will work on 90% capacity throughout the year & that a breakdown of 10% is reasonable. There are three days holiday at Deepawali, 2 days at holi & 2 days at Christmas exclusive of Sundays. The factory works 7 hours a day & 5 hours on Saturday.

08

Expenses per annum	₹
Power	4,68,000
Salaries to Foreman	1,80,000
Lubricating oil	9,900
Light	96,000
Depreciation	1,17,840
Repairs to machine	2,16,900

Number of machines (each of same type) – 50

5. (b) The standard time fixed for a job is 40 hours and the wage rate is ₹ 40 per hour. The worker completed the job in 32 hours. Calculate the wages and effective rate of earnings per hour as per Halsey Premium plan and Rowan Premium plan.

07

OR

5. The following are the receipts and issues of coal in factory during March 2018 15

Date	Transactions
01-Mar	Opening Stock 200 Tons ₹ 460 per Ton
02-Mar	Issued 140 Tons
06-Mar	Purchased 350 Tons @ ₹ 450 per Ton
08-Mar	Issued 80 Tons
09-Mar	Issued 210 Tons
16-Mar	Condemned due to deterioration all quantity.
20-Mar	Purchased 400 Tons @ ₹ 470 per Ton
24-Mar	Issued 200 Tons
27-Mar	Purchased 100 Tons @ ₹ 480 per Ton
29-Mar	Issued 150 Tons
31-Mar	Excess found is stock 50 tons due to wrong weighing during the month.

The Maximum Level fixed is 400 Tons, the Minimum Level 75 Tons and the Reordering level is 100 Tons.

Prepare Store Ledger Account under FIFO Method and Weighted Average Method.

6. (a) Explain the classification of Cost on the basis of functions. 10  
 6. (b) What is meant by Labour Turnover. Explain its causes. 10

OR

6. Write short notes on **any four** of the following:- 20
1. Objectives of Cost Accounting
  2. Advantages of Material Control
  3. Tabular method of EOQ.
  4. Selling Overheads
  5. Gantt Task Bonus Plan
  6. Purpose of Reconciliation