

Time: 3 Hrs

Marks 100

Note:

- All Questions are compulsory.
- Figures to the right indicate full marks allotted to the questions.
- Working Notes wherever necessary should form a part of your answer.
- Calculate figures up to the two decimal points wherever required.

Q1 A) Select the most appropriate option and rewrite the full sentence (Any Ten) (10Marks)

1. Prime cost plus Variable Overhead is known as _____
 - (a) Production Cost
 - (b) Marginal Cost
 - (c) Total Cost
 - (d) Cost of Sales
2. _____ include all direct cost and all indirect cost
 - (a) Total Cost
 - (b) Administration cost
 - (c) Selling cost
 - (d) Prime cost
3. Perpetual inventory system involves _____
 - (a) bin card and stores ledger
 - (b) bill of material and material requisition
 - (c) purchase requisition and purchase order
 - (d) inward and outward invoices
4. Material control involves _____
 - (a) Only consumption of material
 - (b) Only issue of material
 - (c) Only purchase of material
 - (d) Purchase, storage and issue of material
5. _____ discount is offered to purchaser on buying large quantities
 - (a) Credit
 - (b) Cash
 - (c) Seasonal
 - (d) Quantity
6. Time study is for _____
 - (a) Measurement of work
 - (b) Fixation of standard time
 - (c) Ascertainment of actual hours
 - (d) Ascertainment of labour cost
7. Normal idle time _____
 - (a) can be avoided
 - (b) cannot be avoided
 - (c) can be minimised
 - (d) can be controlled

8. Labour turnover is caused by _____
- Only Low Wages
 - Only Discharge
 - Only Dissatisfaction with job
 - Low wages, discharge and dissatisfaction with job
9. Expenditure over and above prime cost is known as _____
- Overhead
 - Factory cost
 - Cost of sales
 - Cost of production
10. Directors' remuneration and expenses form a part of _____
- production overhead
 - administration overhead
 - selling overhead
 - distribution overhead
11. Which of the following items is included while preparing a Cost Sheet?
- Property Tax on Factory Building
 - Goodwill written off
 - Transfer to reserves
 - Provision for taxation
12. Salary paid to partner is _____
- Office and administrative overheads
 - Not a part of Cost sheet
 - Selling and Distribution Overhead
 - Factory Overheads
- Q1 (B) State whether the Following Statements are True or False (Any ten). (10 Marks)
- Costs which have been incurred in past are known as Historical Cost
 - Normal cost is an unusual cost whose occurrence is usually irregular and unexpected and due to some abnormal situation
 - Cost unit is a form of measurement of volume of production or services.
 - Carriage inward is not really an Overhead at all but it is a Direct Cost.
 - Buffer stock is that material which is held in reserve to meet a sudden order or any contingency
 - Average method of pricing the material issues is useful when material prices are fluctuating.
 - Piece Rate Plan differentiates between efficient and inefficient workers.
 - Cost of stores is allocated on the basis of direct wages.
 - Depreciation on plant and machinery is part of works overheads
 - Cost of storage space is an example of carrying cost.
 - Under valuation of closing stock in costing increases costing profit.
 - Primary packaging charges is an example of selling and distribution overheads.

Q2 From the following balances prepare a cost sheet (20 Marks)

Particulars	Amount (Rs.)
Opening Stock of Raw Material	1,20,000
Opening Stock of Work In Progress	45,600
Opening Stock of Finished Goods	86,400
Wages Direct	83,200
Wages Indirect	4,400
Purchase of Raw Material	1,05,600
Sales	3,37,600
Factory Rent & Power	24,000
Depreciation on Plant & Machinery	5,600
Carriage Inward	2,400
Factory Expenses	16,000
Office Rent & Rates	4,000
Office Expenses	10,400
Carriage Outward	4,000
Commission & Advertising	16,000
Closing Stock : Raw Material	1,46,400
Closing Stock : Work In Progress	56,000
Closing Stock of Finished Goods	49,600

OR

Q2- The following are the details of purchases & sales made during the month of March 2023.

Date	Particulars	Units	Rate Per unit (Rs.)
1/3/2023	Opening Balance	1,500	10
3/3/2023	Purchase	7,500	12
4/3/2023	Sales	4,500	13
6/3/2023	Sales	4,500	13
8/3/2023	Purchases	4,500	10
9/3/2023	Sales	3,000	12
10/3/2023	Sales	750	11

You are required to prepare 1) Stock Ledger Account under FIFO method 2) Stock Ledger Account Under Weighted Average method. (20 Marks)

Q3 Mr. Anand an employee of a company gets the following emoluments and benefits: (20 Marks)

Basic Wages	Rs. 70,000 Per Month
Dearness Allowance	Rs. 100% of Basic Wages
Employer's Contribution to Provident Fund	10% of Basic Wages
Employer's Contribution to E.S.I.	5% of Basic Wages
Bonus	20% of Basic Wages
Other Allowances	Rs.76,500 p.a.

He works for 3,000 hours per annum, out of which 500 hours are normal idle time.

Mr. Anand worked 50 effective hours on a Job Y, where the cost of direct material is Rs. 40,000 and overheads are 40% of combined cost of Material & Labour.

The Sale value of Job Y is quoted to earn profit of 50% on cost.

You are required to find out effective hourly cost of Mr. Anand and the expected sales value of job Y.

OR

Q3 (A) Calculate the comprehensive machine hour rate from the following details:(10 marks)

Machinery purchased	Rs 9,00,000
Installation Charges	Rs 1,00,000
Life of Machine	5 Years
Working Hours per Year	2,500
Repair Charges	Rs.5,000 Per anum
Electric Power consumed	10 units per hour @ Rs 3 per unit
Lubricant Oil	Rs 80 per day of 8 hours
Consumable stores	Rs. 200 per day of 8 hours
Wages of machine operator	Rs 160 per day of 8 hours

Q3 (B) The following information relating to type of Raw material is available (10 Marks)

Annual Demand	2,000 Units
Unit Price	Rs 20
Ordering Cost Per Order	Rs. 20
Storage Cost	2%p.a.
Interest Rate	8% p.a.

Calculate Economic Order Quantity and total annual Inventory cost of the raw material.

Q4 Amit company has five departments P,N,R,S & T The actual cost for a period are as follows: (20 Marks)

Particulars of Overhead	Amount (Rs.)
Repairs	70,000
Rent	62,500
Depreciation	35,000
Supervision	42,000
Insurance	48,000
Employer's Liability of Employees' Insurance	30,000
Light	90,000

The following data are also available regarding the five departments:

Particulars	P	N	R	S	T
Area (square.Feet)	140	120	110	90	40
Number of workers	15	25	15	10	5
Total wages Rs	10,000	8,000	5,000	5,000	2,000
Value of Plant Rs.	20,000	18,000	16,000	10,000	6,000
Value of Stock Rs.	15,000	10,000	5,000	2,000	-----

500
70
35000
70000
32000

Prepare a Statement of Primary Distribution of Overheads

OR

Q4 (A) Calculate the earnings of a worker under

- 1) Halsey Plan
- 2) Rowan plan from the following particulars.

1. Hourly rate of wages guaranteed Rs 10 per hour.
2. Standard time for producing 1 article is 5 Hours.
3. Actual Time taken by the worker to produce 10 articles is 40 Hours (10 Marks)

Q4 (B) Prepare a Reconciliation Statement From the Following Cost Sheet And related Trading & Profit & Loss Account to Match the Financial Profit with that of Cost Sheet

(10 Marks)

Particulars	Amount (Rs.)
Purchase of Raw Material	3,000
Less: closing Stock of Raw Material	500
Raw Material Consumed	2,500
Add : Direct Wages	1,000
PRIME COST	3,500
Add : Works Overhead	3,000
WORKS COST	6,500
Add : Administrative Overhead	1,500
COST OF PRODUCTION	8,000
Add : Selling & Distribution Overhead	2,200
COST OF SALES	10,200
Add : Profit	9,800
SALES	20,000

Trading & Profit & Loss Account

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
To Purchase	3,000	By Sales	20,000
To Wages	1,000	By Profit on Sale of Asset	1,000
To Indirect Wages	500	By Closing Stock Raw Material	500
To Factory Expenses	2,000		
To Administrative Overhead	1,000		
To Sales Expenses	2,000		
To Distribution Expenses	1,000		
To Interest	50		
To Bad Debts	100		
To Net Profit	10,850		
TOTAL	21,500	TOTAL	21,500

Q5 (A). Explain the use of Relevant cost, Sunk Cost, Imputed Cost, Opportunity Cost, Shut down cost for decision making. (10 Marks)

Q5 (B). What do you mean by an Overhead? Explain the classification of overhead based on Behaviour of cost. (10 Marks)

OR

Q5 Write Short Notes (Any Four out of Six) (20 Marks)

1. Indirect Costs
2. Re-order Level
3. Labour Turnover
4. Production Overheads
5. Under -Absorption of Overheads
6. Inventory turnover ratio
