

Duration: 2.5 Hrs.

Total Marks: 75

Note: 1) All questions are compulsory

2) All workings should form part of the answer

Q.1. a) Multiple Choice Questions : **(any 8)**

(08)

1. Uniform costing helps an organisation in _____

- a. installation of costing system b. Installation of Machinery
- c. Installation of equipment d. Installation of Plant

2. _____ is a technique by which the performances, efficiencies, costs and profits of firms in an industry are studied for relative comparison

- a. Inter-firm comparison b. Operating costing
- c. Process Costing d. Cost control

3. In Integrated System, Sales ledger shows _____

- a. accounts of creditors b. accounts of customers
- c. accounts of expenses d. accounts of non-operating income

4. In Integrated System, Material purchased for stores is debited to _____

- a. Stores ledger control A/c b. General Ledger Adjustment A/c
- c. Wages Control A/c d. Administrative Overheads Control A/c

5. Control Accounts provide a basis for _____

- a. reconciliation of cost and financial accounts
- b. reconciliation of cost and management accounts
- c. reconciliation of financial accounts and management accounts
- d. All of the above

6. In cost accounts there are no _____

- a. personal accounts b. real accounts
- c. nominal accounts d. none of these

7. A truck in a transport company carries 10 ton capacity, number of days operated is 25, distance 200 kms each way. The number of ton kms for the month is _____

- a. 40,000 ton kms b. 50,000 ton kms
- c. 45,000 ton kms d. 30,000 ton kms

8. _____ is a system of costing employed to find the cost of rendering a service

- a. Operating Costing
- b. Operation Costing
- c. Process Costing
- d. Employee costing

9. Equivalent production of 1,000 units, 70% complete in all respects is _____

- a. 1,000 units
- b. 1,700 units
- c. 700 units
- d. 1,070 units

10. Target Cost is _____

- a. Competitive price – desired profit
- b. Competitive price + desired profit
- c. Competitive Price ÷ desired profit
- d. Competitive price * desired profit

Q.1. b) State whether the following statements are True or False : (Any 7) (07)

1. Uniform cost manual contains detailed instructions, plans and procedures to be followed
2. Profit on sale is credited to costing Profit & loss Account
3. In Stores ledger, entries are made on the basis of Goods Received Notes, Material Returned notes, Transfer Notes and Material Requisition Slips
4. The objective of Operating costing include comparison of cost of running a vehicle with another vehicle
5. The treatment of normal loss depends on the stage at which the normal loss is occurred
6. Abnormal loss occurs in addition to normal loss
7. Inter-firm comparison does not maximize profitability
8. General ledger adjustment A/c shows real accounts
9. Abnormal Loss is credited to costing Profit & Loss A/c
10. Activity Based Costing is based on the belief that activities do not cause cost

Q. 2. a) Mr. Parekh owns a bus that runs between Delhi and Chandigarh. From the following details, you are required to calculate a suggested fare per passenger/kilometer (15)

| | |
|--------------------------|----------------------|
| Purchase price of Bus | Rs. 25,00,000 |
| Length of the route | 200 kms |
| Insurance | Rs. 1,00,000 p.a. |
| Garage Rent | Rs. 2,00,000 p.a. |
| Road Tax and Permit Fees | Rs. 25,000 p.a. |
| Repairs and Maintenance | Rs. 80,000 p.a. |
| Administrative Charges | Rs. 20,000 p.a. |
| Driver's Wages | Rs. 25,000 per month |

| | |
|------------------------------|----------------------|
| Conductor's Wages | Rs. 15,000 per month |
| Repairs of Tyre Tube | Rs. 20,000 p.a. |
| Diesel and Oil per kilometre | Rs. 25 |
| Annual interest on loan | Rs. 60,000 p.a. |

Effective life of the vehicle is estimated at 10 years at the end of which it will have a scrap value of Rs. 1,25,000. The bus has a seating capacity of 30 seats and is planned to make 2 number two-way trips for 25 days per month. Provide profit @20% of total revenue.

OR

Q. 2. b) During a month 60,000 units were introduced into Process P. The Process costs were as follows : **(15)**

Direct Materials : Rs. 4,53,000

Direct Wages : Rs. 3,01,500

Factory Overheads : 50% of Direct Wages

The normal loss was estimated at 10% on input. At the end of the month, 48,000 units have been produced and transferred to Process Q. 7,500 units had been scrapped (scrapped units had been completely processed and realised Rs. 5 per unit) and 4,500 units were incomplete and the stage of completion in respect of these units were estimated to be Materials : 75%, Labour : 50%, Overheads : 50%

Required :

- Statement of Equivalent units of production
- Cost per equivalent unit
- Statement of evaluation
- Process P A/c.

Q. 3. a) Minion Dave is a product that passes through three processes before completion. The output of each process is charged to the next process at a price which gives a calculated profit of 20% of the transfer price. The output of Process C is charged to Finished Stock Account in a similar manner. Stock in each process have been valued at prime cost of the process. The following data are obtained at the end of March 2023 : **(15)**

| Particulars | Process A(Rs.) | Process B (Rs.) | Process C (Rs.) | Finished Stock (Rs.) |
|----------------------|----------------|-----------------|-----------------|----------------------|
| Direct Materials | 84,000 | 96,000 | 1,44,000 | - |
| Direct Wages | 1,08,000 | 1,44,000 | 1,86,000 | - |
| Production Overheads | 72,000 | 1,03,200 | 1,29,000 | - |
| Stock on 31-3-2023 | 24,000 | 43,200 | 81,000 | 1,26,900 |
| Sales | - | - | - | 16,20,000 |

- Prepare :
- Process A Account
 - Process B Account
 - Process C Account
 - Actual Realised profit statement

OR

Q.3. b) Newtech Computers manufacturing Keyboard for computers. They use Activity-Based Costing to assign manufacturing overheads to product. The data relating to one of the their product wireless Keyboard and the ABC cost pools are given below.

Wireless Keyboard: annual production 24,000 units, Direct Material per unit Rs. 372, Direct Labour per unit Rs.72.

a) Manufacturing overhead cost pools

| Cost Pool | Cost (Rs.) | Cost Drivers |
|---------------------|--------------|-----------------------------|
| Material Ordering | 96,00,000 | Number of purchase order |
| Material Inspection | 48,00,000 | Number of Receiving Reports |
| Equipment setup | 2,40,00,000 | Number of setups |
| Quality Control | 1,08,00,000 | Number of inspection |
| Others | 18,00,00,000 | Direct labour cost |
| | 22,92,00,000 | |

b) Activity information related to cost divers

| Cost Pool | Annual Activity | |
|---------------------|-------------------------------|------------------------------|
| | All Products | Wireless Keyboard |
| Material Ordering | 12,00,000 orders | 12,000 Orders |
| Material Inspection | 24,000 Receiving reports | 3,600 reports |
| Equipment setup | 1200 setups | 12setup |
| Quality Control | 48,000 inspections | 4,800 inspection |
| Others | 12,00,000 direct labour hours | 1,44,000 direct labour hours |

Required:

- Calculate the overhead rate per unit of activity for each of the 5 cost pools.
- Calculate the total overhead assigned to the production of the Wireless Keyboard.
- Calculate the overhead cost per unit for the wireless Keyboard.
- Calculate the Total unit cost for the wireless keyboard.

(15)

Q.4. a) As on 31st March 2023, the following were extracted from the books of the Virat Manufacturing company, which follows Non Integrated System of cost Accounting:

(15)

| Particulars | Debit Rs. | Credit (Rs.) |
|-------------------------------|-----------|--------------|
| Store Ledger Control A/c | 2,24,000 | - |
| Work-In- Progress Control A/c | 2,43,200 | - |
| Finished Goods control A/c | 1,60,000 | - |
| Cost Ledger Control A/c | | 6,27,200 |
| | 6,27,200 | 6,27,200 |

The Following transaction took place in April 2023

| Particulars | Amt Rs. | Particular | Amt Rs. |
|---------------------------|----------|------------------------------------|-----------|
| Raw material: | | Indirect Wages | 1,60,000 |
| i) Purchased | 6,08,000 | Factory expenses incurred | 3,20,000 |
| ii) Return to Supplier | 19,200 | Selling and administration expense | 2,56,000 |
| iii) Issued to Production | 6,27,200 | Cost of finished goods transferred | |
| iv) Returned to stores | 19,200 | to warehouse | 13,63,200 |
| Productive wages | 2,56,000 | Cost of goods sold | 13,44,000 |
| | | Sales | 19,20,000 |

Factory Overheads are applied to Production at 150% of direct wages, any under/ over absorbed overheads being carried forward for adjustment in the subsequent months. All selling and administrative expenses are treated as period costs and charged off to the Costing Profit and Loss Account of the month in which they are incurred.

You are required to prepare :

1. Store Ledger Control A/c
2. Factory Overhead Control A/c
3. Work In Progress Control A/c
4. Finished Stock Ledger Control A/c
5. Cost Ledger control A/c
6. Trial Balance (as on 30th April 2023)

OR

Q.4. b) Pass Journal entries for the following transaction of Shah Ltd for the month of June 2023 under Integrated system of Accounting. (15)

| | Rs. |
|---|-----------|
| 1. Material purchased from Rahul & Co. | 6,00,000 |
| 2. Material issued to production | 3,75,000 |
| 3. Wages paid to worker | 1,50,000 |
| 4. Wages applied to production | 1,05,000 |
| 5. Factory overhead incurred | 1,42,500 |
| 6. Material damage having no scrap value | 15,000 |
| 7. Selling expenses incurred | 75,000 |
| 8. Office expenses applied to cost of sales | 67,500 |
| 9. Finished goods at cost | 10,20,000 |
| 10. Wages applied to Factory | 45,000 |
| 11. Sales to Angel Ltd (80% on credit) | 13,50,000 |

Q.5 a) Explain the Non-integrated Costing system. (08)

b) Explain in brief the advantages of Uniform Costing (07)

OR

5c) Write short notes on (Any 3)

(15)

1. Unit Level Activities
2. Advantages of Process costing
3. Features of Non- Integrated system
4. Operating Costing
5. Store Ledger Control A/c