Time: 2 ½ Hours **Total Marks: 75**

N.B. 1. All questions are compulsory.
2. Use of a simple calculator is allowed.
3. Working notes should form part of your answers.
4. Figures to the right indicate full marks.

Q.1 From the following particulars extracted from the books of Ditya Ltd. for the month of January, 2023. Prepare the following: **(15)**

1. Statement of Equivalent Production
2. Statement of Cost
3. Statement of Apportionment of Cost and
4. Process Account

(a) Opening Stock as on 1st August - 200 units @ Rs. 4.00 per unit
Degree of Completion: Materials 100%, Labour and Overheads 40%
(b) Inputs introduced during January - 1,050 units
(c) Outputs transferred to the next process - 1,100 units
(d) Closing Stock as on 31st January - 150 units
Degree of Completion: Materials 100%, Labour and Overheads 70%
(e) Other relevant information regarding the process are: Materials Rs.3,150; Labour Rs.4,500; Overheads Rs.2,250
(f) Method of Valuation: FIFO Method

OR

Q.1 A product passes through two distinct processes X and Y and thereafter to finished stock. From the following information you are required to prepare the process accounts, normal loss, abnormal loss and abnormal gain accounts: **(15)**

Particulars	**Process X Rs.**	**Process Y Rs.**	**Process Z Rs.**
Material Consumed	12,000	6,000	10,000
Direct Labour	14,000	8,000	12,000
Manufacturing Expenses	4,000	4,000	6,000
Input in Process X (units)	10,000	-	-
Input in Value	10,000	-	-
Output (units)	9,400	8,300	7,600
Normal Wastage %	5	10	10
Value of Normal Wastage (per 100 units)	8	10	10

Q.2 A company produces two products, A and B, and estimates that its overhead costs will be Rs.2,61,780. Overhead has traditionally been allocated on the basis of direct labour hours. Estimated data are as follows: **(15)**

Particulars	Product A	Product B
Estimated Volume	500 units	1,250 units
Direct Labour hours per unit	1	2

Activity Centers	Estimated Cost (Rs.)	Estimated Activity	
		Product A	Product B
Machine Setups	27,140	20	26
Maintenance (sq.ft.)	1,83,040	1,620	2,540
Inspections	51,600	56	288
	2,61,780		

1. Determine the overhead allocated per unit to each product under the traditional approach.
2. Determine the overhead allocated per unit to each product under ABC.

OR

Q.2 A company has two divisions. The output of Division A is product A. There is a market outside the company for product A, but this product is mainly used by Division B which has the first call on Division A's output. The output of Division B - product B is sold in the external market. The product A has the following cost structure: **(15)**

Variable cost per unit = Rs.7
Fixed cost per unit = Rs.3
Management has decided a target rate of return of 12% for each division. The cost structure of product B is given below:

Transfer price own variable cost per unit = Rs.15
Fixed cost per unit = Rs.7
Market price per unit = Rs.28
You are required to determine:
1. Transfer price of product A per unit under
   (i) Variable cost method and
   (ii) Cost plus method
2. Selling price of product B.

Q.3 A Limited has four divisions. The following data are in respect of them. **(15)**

Particulars	P (Rs. in lakhs)	Q (Rs. in lakhs)	R (Rs. in lakhs)	S (Rs. in lakhs)
Total Assets	12	10	14	18
Total Sales	20	30	36	28
Total Costs	18	27	33.6	26
Cost of Capital (%)	14	18	16	10

From the above data you are required to:
1. Calculate the annual returns of investment.
2. Calculate the residual income.

OR

Q.3 A company manufacturing two products furnishes the following data for a year. **(15)**

Products	Annual Output (units)	Total Machine Hours	Total Number of Purchase Orders	Total Number of Set-ups
A	5,000	20,000	160	20
B	60,000	1,20,000	384	44

The annual overhead are as under:

Particulars	Rs.
Volume related activity costs	5,50,000
Set-up related costs	8,20,000
Purchase related costs	6,18,000

You are required to calculate the cost per unit of each product A and B based on:
1. Traditional Method of charging overheads.
2. Activity based costing method.

Q.4. (a) Fill in the blanks with correct options: **(07)**

1. Process Cost is based on the concept of ___.
   (a) Average Cost (b) Marginal Cost (c) Standard Cost (d) Differential Cost
2. __ does not use process costing.
   (a) Oil refining (b) Distilleries (c) Sugar (d) Aircraft manufacturing
3. Bad debt is an example of ___.
   (a) Production overhead (b) Administration overhead (c) Selling overhead (d) Distribution overhead
4. Charging to a cost centre those overheads that result solely from the existence of that cost centre is known as ____.

(a) Allocation (b) Apportionment (c) Absorption (d) Allotment

5. Cost allocation bases in activity-based costing should be ___.

(a) Cost drivers (b) Cost pools (c) Activity centers (d) Resources

6. An accounting system that collects financial and operating data on the basis of the underlying nature and extent of the cost drivers is ___.

(a) Direct costing (b) Activity-based costing (c) Target costing (d) Cycle-time costing

7. The price that one division of a company charges another division for goods or services provided is called the ___.

(a) Market price (b) Transfer price (c) Outlay price (d) Distress price

Q.4 (b) State whether the following statements are True or False: **(08)**

1. Invisible waste has no sale value.
2. Normal Loss is treated as normal cost of production.
3. ABC leads to enhanced control over overhead costs.
4. Volume based measures will tend to overcost high volume products.
5. Responsibility Accounting is used as a control device.
6. All controllable costs are direct costs.
7. Rent is not included in cost when premises are owned by the company.
8. Cost of indirect materials is apportioned to various departments.

Q.5. Write Short Notes on: **(Any Three)** **(15)**

1. Production Overheads
2. Disadvantages of ABC
3. Responsibility Accounting
4. Target Costing
5. Inflation Accounting
