

AIC-II  
07/11/2024

[Time:3.00 Hrs]

[ Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. Q. No.1 and 2 are compulsory. Attempt any four questions from the remaining.
  2. Question No. 1 carries 20 marks and all remaining questions carry 16 marks each.
  3. All Sub-questions carry equal marks unless specified to the contrary.
  4. Workings to form part of the solutions and necessary assumptions to be made and stated clearly

Q. 1. Choose the most appropriate alternative from those below and rewrite the sentence 10

1. A material loss during production or storage due to evaporation or shrinkage is called \_\_\_\_\_.  
a. Scrap                      b. Waste                      c. Spoilage                      d. Material Loss
2. The difference between hours paid and hours worked is \_\_\_\_\_.  
a. Normal time                      b. Time saved                      c. Standard time                      d. Idle time
3. The efficient worker is penalized by paying him low price rate in \_\_\_\_\_.  
a. Rowan plan                      b. Merrick plan                      c. Taylor plan                      d. Rucker
4. Rent paid for the factory building which is temporarily closed is example of \_\_\_\_\_.  
a. Imputed cost                      b. Sunk cost                      c. Shut down cost                      d. Temporary cost
5. \_\_\_\_\_ accounts is the name given to a system whereby cost and financial accounts are kept in the same set of books.  
a. Integrated                      b. Non- integrated  
c. Operating costing                      d. Process costing
6. Abnormal Loss is equal to \_\_\_\_\_.  
a. Input - Actual Output                      b. Actual Output - Normal Output  
c. Normal Output - Actual Output                      d. Actual Output - Input
7. The point of profit at which the total cost will be equal to total revenue is called \_\_\_\_\_.  
a. Break-even point                      b. Margin of safety                      c. The profit lines                      d. Fixed cost
8. Normal Loss is equal to \_\_\_\_\_.  
a. Normal Output - Actual Output                      b. Actual Output - Normal Output  
c. Input x % of Normal Loss                      d. Normal output \* % of Normal Loss
9. Material Purchase for Special Job is accounted in \_\_\_\_\_.  
a. Work in Progress Ledger Control Account  
b. Stores Ledger Control Account  
c. Cost Ledger Control Account  
d. Overhead Control Account
10. The cost that result when a company holds an inventory of goods for sale is \_\_\_\_\_.  
a. Carrying cost                      b. Ordering cost                      c. Opportunity cost                      d. Sunk cost

Q1 B. State Whether the following sentences are true or false (Any 10)

10

1. Costing is a Comprehensive term which Includes Cost Accounting
2. Bin Card shows the quantity and value of a material at any moment of time
3. Re order level means the Quantity to be ordered.
4. Non-Integrated accounting is also called Interlocking accounting system.
5. The main purpose of standard costing is cost control.
6. Invisible waste has no sales value.
7. Increase in price leads to lower Margin of Safety.
8. Cost Accounting is a branch of Financial Accounting.
9. Conversion cost is equal to direct wages and factory overhead.
10. Notional expenses are not included for ascertaining cost.
11. Fixed cost vary with volume rather than time.
12. FIFO method of pricing material issue results in higher profit.

Q. 2. Following details are furnished by Saif Ltd. Of expenses incurred during the year ended 31<sup>st</sup> march 2023

15

Particulars	Amount
Purchase of Raw material	4,80,000
Direct wages	2,20,000
Factory rent	70,000
Cost of catalogues	34,200
Depreciation of Plant & Machinery	38,000
Cost of Plant & Machinery Purchased	2,50,000
Opening stock of Raw material	50,000
Repairs of office Furniture	25,000
Carriage Outwards	26,600
Interest on Loan	12,000
Closing Stock of Raw material	30,000
Loss on Sales of Furniture	10,000
Office Salaries	55,000
Store keeper's salary	18,000
Depreciation of office equipment's	20,000
Cost of pattern	1,80,000
Material handling charges	10,000

**Other information:**

1. Stock of finished goods at the end of the year 1,000 units to be valued at cost of production.
2. No. of units produced during the year were 19,000.
3. Desired profit on sales is 20%.
4. Prepare Cost sheet showing the various elements of cost both in total and per unit and also find out total profit and per unit profit.

OR

Q. 2. Following details are the Expenses of ABC Ltd. during the year ended 31<sup>st</sup> March 2023. 15

Particulars	Amount
Salesman Salary	3,23,750
Opening stock of Finished goods (1000 units)	3,80,000
Indirect Wages	4,88,350
Director's Fees	4,86,850
Repairs to Office Furniture	2,00,850
Direct wages	5,00,500
Direct materials	9,41,200
Direct expenses	2,48,300
Closing Stock of finished goods (1500 units)	?
Office Salary	3,95,850
Works Managers Salary	5,97,350
Showroom Expenses	5,34,375
Depreciation on computer	6,06,450
Depreciation on Plant & machinery	2,38,550
Advertisement	7,66,875

**Other information**

1. Closing stock of finished goods to be valued at cost of production.
2. Profit desired on sales is 20%
3. Number of units sold during the year was 25,000.

Prepare Cost Sheet showing various elements of Cost both in Total and per unit and also Find out the total profit and per unit profit for the year ended 31<sup>st</sup> March 2023

Q. 3. Stock of material on 1-3-2023 was 4,000 units at Rs. 10 per unit. The following purchases and issues were made during the month of march, 2023. 15

**Purchases**

2-3-2013	6,000 Units	at Rs 12 per unit
3-3-2013	4,000 Units	at Rs 14 per unit
11-3-2013	8,000 Units	at Rs. 16 per unit
21-3-2013	6,000 Units	at Rs 18 per unit

**Issues**

5-3-2013	8,000 Units
15-3-2013	6,000 Units
31-3-2013	12,000 Units

You are required to prepare:

- 1) Stock Ledger A/C under FIFO method
- 2) Stock Ledger A/C under Weighted average cost method.

OR

- Q. 3. A. Swastik Ltd. is divided into two Production Departments A and B and two Service Departments X and Y. The following is the summary of overhead costs for a particular period :

8

	Rs.
Works Manager's Salary	4,000
Power	21,000
Contribution to Provident Fund	9,000
Plant Maintenance	4,000
Depreciation on Plant and Machinery	20,000
Rent paid	6,000
Canteen Expenses	12,000

Following information is available from the various departments.

Particulars	Production Departments		Service Departments	
	A	B	X	Y
No. of Employees	16	15	4	4
Area(sq. meters)	2,000	3,000	500	500
Value of Plant (Rs.)	75,000	1,00,000	25,000	--
Wages paid(Rs.)	40,000	20,000	10,000	5,000
H.P. Ratio	3	3	1	---

Apportion the cost to the various departments on the most suitable basis.

- Q. 3. B. A worker produced 250 units in a week time, the guaranteed weekly wages payment for 40 hours is Rs. 480. The expected time to produce one unit is 10 minutes is further raised by 20% under incentive scheme. What will be the earning per hour of that worker under Halsey (50% sharing) and Rowan bonus sharing.

7

- Q. 4. The following is the summary of the entries in a contract ledger as on 31<sup>st</sup> December, 2023 in respect of Contract

Particulars	Amount
Material bought directly	65,000
Material from store	5,000
Wages	30,000
Direct expenses	13,000
Established charges (apportioned)	15,000
Common Plant sent to site	50,000
Scrap sold	2,000

The further information is as follows:

1. Accruals on 31<sup>st</sup> December 2023 were: Wages 1,000 and Direct expenses 3,000.

2. The cost of work uncertified was 8,000
3. 4,000 worth of materials were destroyed by fire.
4. Materials Costing Rs 3,000 were sold for 4,000
5. Depreciation till 31-12-2023 on Plant was 12000rs
6. Materials at site were 6,000
7. Cash received from the contractee was 1,40,000 being 80% of work certified
8. Contract Price was 2,50,000.
9. Transfer 2/3 Profit on cash basis to P & L A/c.

Prepare contract accounts.

OR

Q. 4. Following are the balances in Cost Ledger of Manufacturing Company 1<sup>st</sup> April 2024: 15

Particulars	Rs.	Rs.
Finished Stock Ledger Control A/c	4,500	--
Factory Overhead Control A/c	1,000	--
Work- in- Progress Control A/c	2,400	--
Stores Ledger Control A/c	4,400	--
Cost Ledger Control A/c	--	12,300

Following are the transactions for the month ending 30<sup>th</sup> April 2023.

Particulars	Rs.
Raw materials purchased	65,000
Materials issued to production	51,500
Direct wages	12,500
Factory Overhead incurred	8,000
Indirect Labour	2,500
Factory overhead charged to production	11,500
Cost of Sale	57,800
Sale return at cost	1,000
Finished product at cost	67,500
Sales	70,000

Prepare the following Cost Control Accounts:

1. Stores Ledger Control Account
2. Work Overhead Control Account
3. Work in Progress Ledger Control Account
4. Finished Stock Ledger Control Account
5. Cost Ledger Control Account

Trial Balance as on 30<sup>th</sup> April 2023

- Q. 5. Ajay manufacturing Ltd. Provides you the following data for the month of March 2023. 15

Particulars	Process X	Process Y	Process Z
Basic raw material introduced in the process (unit)	6,000	1,220	1,300
Cost of basic raw material per unit	5	5	5
Labour Charges (Rs)	17,000	12,000	7,500
Manufacturing overheads (Rs)	8,080	8,100	4,800
Normal loss (% on Total number of units)	6%	5%	4%
Wastage (% on total number of units but has no value)	4%	5%	3%
Scrap value per unit	3	4	5
Output sold at the end of the process	30%	40%	100%
Output transferred to next process	70%	60%	-
Selling price per unit	12	16	17

You are required to prepare process accounts indicating clearly profit earned in each process.

OR

- Q. 5. A. The following data has been extracted from the books of Aisha ltd. 8

Year	Total Cost (Rs.)	Sales (Rs.)
2023	12,96,000	18,72,000
2024	14,40,000	21,60,000

You are required to calculate:

- P/V ratio
  - Fixed cost
  - Break-even Sales
  - Sales to earn a profit of Rs.6,00,000
  - Margin of Safety of the year 2023
- Q. 5. B. Calculate Material Price Variance, Material cost Variance & Material Usage Variance. 7

Type of Material	Standard		Actual	
	Standard Price	Standard Qty	Actual Price	Actual Qty
Material X	10	50,000	11	45,000
Material Y	15	60,000	14	65,000

- Q. 6. 1. Explain the Objectives of Cost Accounting 8  
2. Explain the Purpose of Reconciliation. 7

OR

- Q. 6. Short Notes (Attempt Any 4 out of 6) 15

- Economic order Quantity
- Work Certified
- Abnormal Loss & Abnormal Gain
- Profit Volume Ratio
- Gantt Task Bonus Plan
- Non-Integrated System of Accounting

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