CMA TEST- 1 (Solution)		
Time Allowed: 1 hour		Total Marks: 35 Marks

Answer to Question no.1:   **Operating Costing v/s Operation Costing**

(1) Concerned Industries: - Operating Costing is adopted by service-providing industries. Operation (Process) Costing is adopted by those manufacturing organization where total manufacturing procedure is divided into the whole process is divided into suitable number of operations or process in such a manner that the output of one process is input to the next process and the "Final Output".

(2) Objective: - In operating costing, we calculate the cost of providing the service. In operation costing, we calculate (i) Cost incurred in each process (ii) Total cost uptil the end of each process (ii) Total cost of all the processes.

(3) Classification: - In operating costing, it is recommended to classify the expenses as fixed cost or variable cost. In operation costing, the expenses as material cost, Labour cost and other expenses.

(4) Control:- In operating costing, the expenses are controlled from the point of view of fixed cost and variable cost. Fixed Cost is uncontrollable whereas variable cost is controllable is nature. In operation costing, the expenses are controlled from the point of view of "Period Cost". Since the execution of a process may take a period of time, the expenses ate also controlled from such point of view.

Answer to Question no.2:

Distance travelled	tonne-kms	tonne-kms
Delhi to Bharatpur	150 kms. × 12 tons	1,800
Bharatpur to Agra	50 kms. × 8 tons	400
Agra to Modinagar	100 kms. × 5 tons	500
Modinagar to Delhi	40 kms. × 3 tons	120
Absolute tonne – kms.		2,820 tonnes - kms.

Commercial tonne-kms. load = Total kms. × Average load

$$= (150 + 100 + 50 + 40 = 340 \text{ Kms.}) \times \left(\frac{12 + 8 + 5 + 3}{4} = 7 \text{ tons} \right) = 2,380.$$

Answer to Question no.3:   **Operating Cost Sheet**

Particulars	Total	Per mile
A) Standing charges		
1) Road Licence fee	750	
2) Supervision and salary	1,800	
3) Insurance	850	
4) Garage rent	1,600	
5) Interest (10% of 25,000)	2,500	7,500/15,000
Total	**7,500**	= 0.50
B) Running Expenses		
1) Driver's wages (₹ 4/hour × 750 hours)(Note 1)	3,000	0.20
2) Fuel cost (₹ 1.5/litre × 2,500 litres)(Note 2)	3,750	0.25
3) Depreciation (0.25/km × 15,000 kms)	3,750	0.25
4) Repairs (₹ 1.5/km × 15,000 kms)	22,500	1.50
5) Tyre (₹ 1/km × 15,000 miles)	15,000	1.00
Total running expenses	**48,000**	**3.20**

Total Cost (A + B)		55,500	3.70

Note - 1	Note – 2	Note - 3
Speed of vehicle = 20 kms/hour	Kms per litre = 6	Original cost of vehicle = ₹ 25,000
Total kms = 15,000	Total kms = 15,000	Total Estimated life = 1,00,000 kms
No. of hours = 15,000/20	No. of litres = 15,000/6	Depreciation per km
= 750 hours	= 2,500	= 25,000/1,00,000 = 0.25

Answer to Question no.4:

Computation of Rooms – Days

Types	Basis	Rooms - days
Single rooms	100 rooms per day × 360 days	36,000
Double rooms	40 rooms per day × 360 days	14,400
Triple room	18 rooms per day × 360 days	6,480
		56,880

Operating cost statement

Particulars	Amount (₹)
Staff salaries	14,25,000
Room attendants' wages	4,50,000
Lighting, heating and power	2,15,000
Repairs and renovation	1,23,500
Laundry charges	80,500
Interior decoration	74,000
Sundries	1,53,000
Total cost excluding building rent	**25,21,000**
(+) Building rent	
- Fixed amount (10,000 × 12)	1,20,000
- 5% of takings	1,76066
Total cost	**28,17,066**
Profit (20% of takings)	7,04,267
Takings	**35,21,333**

Assume, Total Takings = ₹ x

Now, Total cost excluding Building rent + Building rent + Profit = Takings

   ₹ 25,21,000 + (1,20,000 + 5% of x) + 20% of x = x

Solving, we get x = 35,21,333. **Assume**, rent per room per day

Single room = ₹ x	Double room = ₹ 2.5 x	Triple room = ₹ 5 x

Total collections: -

Single room = 36,000 rooms -days × ₹ x per room per day

Double room = 14,400 rooms -days × ₹ 2.5 x per room per day

Triple room = 6,480 rooms-days × ₹ 5 x per room per day

Total collections = 36,000 x + 36,000 x + 32,400 x = 1,04,400 x

      ⇒ 1,04,400 x = ₹ 35,21,333. **Hence**, x = ₹ 33.73. **Therefore**, **rent** per room per day

Single room = ₹ x = ₹ 33.73	**Double room** = ₹ 2.5 x = ₹ 84.32	**Triple room** = ₹ 5 x = ₹ 168.65

Answer to Question no.5:

Total kms. in a month = (20x2) kms. per round trip × 6 round trips per day × 25 days = 6,000 kms.

Total Passenger kms. = 6,000 kms. x 24 passenger = 1,44,000 passenger – kms.

Operating Cost Statement

Particulars	Total	Per passenger - km
A) Standing charges		
1) Insurance (40,000/12)	3,333	
2) Road charges (20,000/12)	1,667	
3) Garage rent (12,000/12)	1,000	
4) Repairs (60,000/12)	5,000	
5) Office expenses	6,000	
6) Depreciation [(10,00,000 – 1,00,000)/5 × 1/12]	15,000	
7) Salary to drivers and conductors [(5,000 + 3,500) × 2]	17,000	
	49,000	49,000/ 1,44,000 = 0.3403
B) Running Expenses		
1) Petrol cost (6,000 kms. × ₹ 4.5/km.)	27,000	0.1875
2) Tyres and tubes	4,800	0.0333
3) Commission (5% of takings)	5,387	0.0374
	37,187	0.2582
Total cost (A + B)	**86,187**	**0.5985**
Profit (20% of takings)	21,546	0.1496
Total Takings	**1,07,733**	**0.7481**

Computation of Total Takings

Assume, Total taking = ₹ x , Commission = 5% of takings = 0.05 x , Profit = 20% of takings = 0.20 x

Now, Total cost excluding commission + Commission + Profit = Takings

(49,000 + 27,000 + 4,800) + 0.05 x + 0.20 x = x

Solving, we get x = ₹ 1,07,733. **Hence**, Total takings = ₹ 1, 07,733