

Time Allowed : 3 hours

Full Syllabus Paper-02

Total : 100 Marks

Part I : Case Scenario Based MCQs (30 Marks)

Q.1 Selling Price per unit = ₹ 300

Variable Cost per unit ₹ 180

Fixed Cost = ₹ 16,80,000

Profit = ₹ 7,20,000

You are asked to calculate the following:-

(i) BEP (in value)

(a) ₹ 40,00,000 (b) ₹ 42,00,000 (c) ₹ 45,00,000 (d) ₹ 48,00,000

(ii) BEP (in units)

(a) 14,000 Units (b) 12,000 Units (c) 16,000 Units (d) 17,000 Units

(iii) Margin of Safety (in value)

(a) ₹ 20,00,000 (b) ₹ 18,00,000 (c) ₹ 22,00,000 (d) None of the Above.

(iv) Profit when 24,000 units are sold

(a) ₹ 10,00,000 (b) ₹ 11,00,000 (c) ₹ 12,00,000 (d) None of the Above

(v) Sales for profit of ₹ 10,00,000

(a) ₹ 67,00,000 (b) ₹ 67,70,000 (c) ₹ 60,70,000 (d) ₹ 60,07,000

(10 Marks)

Q.2 Following are the details of a company relating to month of October 2020. Prepare Cost Sheet.

Stocks	Raw Material	WIP	Finished goods
As on October 1	₹ 10,000	₹ 15,000	₹ 40,000
As on October 31	₹ 12,000	₹ 20,000	₹ 35,000
Raw Material Purchased -₹ 80,000	Indirect factory materials -₹ 45,000		
Carriage inwards -₹ 3,000	Factory insurance -₹ 7,000		
Direct Labour -₹ 70,000	Managing Director's remuneration -₹ 21,000		
Indirect labour -₹ 30,000	Depreciation on machinery -₹ 24,000		
Printing and Stationery -₹ 5,000	Sales Commission @ 5% of Sales excluding GST		
Electricity Bill: Factory -₹ 18,000; Office -₹ 8,000; Show Room -₹ 6,000	Rent: Factory -₹ 22,000; Office -₹ 14,000; Show Room -₹ 9,000		
Transit Insurance on Raw Material ₹ 2,000	Sales -₹ 7,00,000 (including GST of ₹50,000)		
Production Related Admn. Overheads ₹ 15,000	Research and Development cost ₹ 2,000		
Quality Control Cost ₹5,000	Sale Value of Factory Scrap ₹3,000 & Raw material ₹ 2,000		
	Direct Expenses ₹ 8,000		

You are asked the following:-

(i) Prime Cost

(a) ₹ 1,50,000 (b) ₹ 2,50,000 (c) ₹ 3,50,000 (d) ₹ 1,59,000

(ii) Factory Cost

(a) ₹ 4,00,000 (b) ₹ 3,00,000 (c) ₹ 3,50,000 (d) ₹ 5,00,000

(iii) Cost of Production

(a) ₹ 4,19,000 (b) ₹ 3,19,000 (c) ₹ 4,18,000 (d) ₹ 3,18,000

(iv) Cost of Goods Sold

(a) ₹ 5,32,000 (b) ₹ 4,32,000 (c) ₹ 3,32,000 (d) ₹ 3,24,000

(v) Cost of Sales

(a) ₹ 4,19,500 (b) ₹ 7,19,000 (c) ₹ 4,15,900 (d) ₹ 7,15,900

(10 Marks)

- Q.3** Fixed Cost = ₹ 8,000
 Profit = ₹ 2,000
 BEP = ₹ 40,000

Calculate Actual Sales.

- (a) ₹ 48,000 (b) ₹ 50,000 (c) ₹ 52,000 (d) None of the Above.

(2 Marks)

- Q.4** (a) Actual output = 5,000 Units
 Standard Cost per unit of output = ₹ 20
 Actual Input = 60,000 kgs.
 Budgeted Input per unit of output = 10 kgs.

Calculate Material yield Variance

- (a) ₹ 20,000(F) (b) ₹ 20,000(A) (c) ₹ 22,000(A) (d) None of the Above

(2 Marks)

Q.5 Formula 1

$$\text{Level of Efficiency} = \frac{\text{Actual Output}}{\text{Standard Output}} \times 100$$

Formula 2

$$\text{Level of Efficiency} = \frac{\text{Standard Time}}{\text{Actual Time}} \times 100$$

- (a) Both formulae are correct (b) Both formulae are wrong
 (c) Only formula 1 is correct. (d) Only formula 2 is correct.

(2 Marks)

- Q.6** A firm requires annually 16,000 nos. of a certain components which it buys at ₹ 60 each. The cost of placing an order is ₹ 120 and the annual storing charges work out 10% of the cost of component. To get maximum benefit the firm should place order for how many units at a time?

- (1) 1,000 Units (2) 900 Units (3) 800 Units

(2 Marks)

- Q.7** Total cost of running a hostel = ₹ 12,00,000 per annum Total 20 rooms in the hostel which are completely occupied throughout the year. Calculate cost per room per month?

- (a) ₹ 5,000 (b) ₹ 4,000 (c) ₹ 6,000 (d) None of the Above

(2 Marks)

Part II: Descriptive Questions (70 Marks)

Q. No. 8 is Compulsory

Attempt any four out of remaining five questions.

- Q.8 (A)** The data is available in the financial accounts of a manufacturing company for the year ending 31-03-2018:

Particulars	Particulars
Direct material consumption - ₹ 3,55,000	Donation and charity - ₹ 20,000
Direct wages - ₹ 3,60,000	Preliminary expenses (written off) - ₹ 20,000
Manufacturing expenses - ₹ 2,45,000	Provision for income tax - ₹ 75,000
Production related admn. expenses - ₹ 2,40,000	Interest received on deposits - ₹ 25,000
Selling & distribution expenses - ₹ 2,00,000	Sales (1,80,000 units) - ₹ 16,20,000
Interest on debentures - ₹ 48,000	Closing stock of finished goods(30,000units)- ₹ 1,50,000

The cost accounts reveals:-

- (a) Manufacturing overheads recovered at 80% on direct wages.
 (b) Office and administrative overheads at 25% on factory cost.
 (c) Selling and distribution overheads at ₹ 1 per unit.
 (d) Closing stock of finished goods valued at cost of production.

You are required to:-

1. Prepare Profit and Loss Account showing net profit in financial accounts.
2. Prepare a statement showing profit in the cost accounts.
3. Prepare a statement reconciling the profits disclosed as per above (1) and (2).

(10 Marks)

(B) A company produces a machine and sells it for ₹ 3,000. There is an increase of 20% in the cost of material, 10% in labour, and 10% in overhead cost. The only figures available are that material cost is 50% of cost of sales, labour cost is 30% of cost of sales and overhead cost is 20% of cost of sales. The anticipated increased cost in relation to the present sales price would cause a 30% decrease in the amount of the present profit. **What** would be the selling price of the machine to give the same percentage of profit as before? (4 Marks)

Q.9 (A) Following **information** has been extracted from the cost records of XYZ Limited: -

Stores:	Opening balance - ₹54,000 Purchases - ₹2,88,000 Transfer form WIP - ₹1,44,000	Issue to WIP - ₹2,88,000 Issue for repairs - ₹36,000 Deficiency found in stock - ₹10,800
Work-in-Progress:	Opening balance - ₹1,08,000 Direct wages applied - ₹1,08,000	Overheads recovered - ₹4,32,000 Closing balance - ₹72,000
Other Details	Wages paid (Total) - ₹1,26,000 Overheads incurred - ₹4,50,000	Entire production is sold at a profit of 15% on cost at WIP

Draw the Stores Ledger Control A/c, Work-in-Progress Control A/c, Overheads Control A/c and Costing Profit and Loss A/c. (10 Marks)

(B) What are the benefits of study of Marginal Costing? (4 Marks)

Q.10 (A) Concorde limited manufactures two types of materials and one grade of labour. Shown below is an extract from the company's working papers for the next month's budget:

Particulars	Product - A	Product - B
Budgeted sales (in Units)	2,400	3,600
Budgeted materials consumption per unit (in kg): Material - X	5	3
Material - Y	4	6
Standard labour hours allowed per unit of product	3	5

Material-X and Material-Y cost ₹ 4 and ₹ 6 per kg and labures are paid ₹ 25 hour. Overtime premium is 50% and is payable, if a worker works for more than 40 hours a week. There are 180 direct workers. The target productivity (or Efficiency) Ratio for the productive hours worked by the direct works in actually manufacturing the products is 80%. In addition, the Non-Productive Down-Time is budgeted at 20% of the productive hours worked. There are four 5-Days weeks in the budgeted period and it is anticipated that sales and production will occur evenly throughout the whole period. It is anticipated that stock at the beginning of the period will be: -

Product A	Product B	Material X	Material Y
400 units	200 units	1,000 kgs	500 kgs

The anticipated closing stocks for the budget period are as below: -

Product A	Product B	Material X	Material Y
4 days sales	5 days sales	10 days consumption	6 days consumption

Prepare the material purchases budget and the wages budget for the direct workers, showing the quantities and values, for the next month. (9 Marks)

(B) In a factory department, the cost of a machine is ₹ 11,500. It is expected that it will work for about 20,000 hours and its scrap value is estimated at ₹ 1,500. The rent of factory department is ₹ 400 per month and 25% of the area of the department is utilised for conducting the operation of the machine. One foreman and one attendant are employed on a salary of ₹ 200 and ₹ 100 per month respectively, to work on two machines of similar type.

The other expenses of the month are as under in the department: - Light charges for the factory department are ₹ 160 having 32 points in all, out of which 8 points are used for both these machines. Power used for this machine ₹ 160; indirect labour for both machines ₹ 100; and repair and renewal for this machine is ₹ 40. You are **required** to find out the machine hour rate for one month (four weeks) when it is expected to work for 40 hours a week. (5 Marks)

Q.11 (A) N Ltd. Produces a product which passes through two processes – Process-I and Process-II. The company has provided following information related to the Financial Year 2021-22:

	Process I	Process II
Raw Material @ ₹ 65 per unit	6,500 units	-
Direct Wages	₹ 1,40,000	₹ 1,30,000
Direct Expenses	30% of Direct Wages	35% of Direct Wages
Manufacturing Overheads	₹ 21,500	₹ 24,500
Realizable value of scrap per unit	₹ 4.00	₹ 16.00
Normal Loss	250 units	500 units
Units transferred to process II / finished stock	6,000 units	5,500 units
Sales	-	5,000 units

There was no opening or closing stock of work-in-progress.

You are required to prepare:

- (i) Process-I Account (ii) Process-II Account (iii) Finished Stock Account **(8 Marks)**

(B) RST Limited produces three joint products X, Y and Z, The products are processed further. Pre-separation costs are apportioned on the basis of weight of output of each joint product. The following data are provided for the month of April, 2022.

Cost incurred up to separation point: ₹ 10,000

	Product X	Product Y	Product Z
Output (in Litre)	100	70	80
	₹	₹	₹
Cost incurred after separation point	2,000	1,200	800
Selling Price per Litre:			
After further processing	50	80	60
At per- separation point (estimated)	25	70	45

You are required to:

- (i) Prepare a statement showing profit or loss made by each product after further processing using the presently adopted method of apportionment of pre-separation cost.
 (ii) Advise the management whether on purely financial consideration the three product are to be processed further or not. **(6 Marks)**

Q.12 (A) A Mini-Bus, having a capacity of 32 Passengers, operates between two places – ‘A’ and ‘B’. The distance between the Place ‘A’ and Place ‘B’ is 30 km. The Bus makes 10 round trips in a day for 25 days in a month. On an average, the Occupancy Ratio is 70% and is expected throughout the year. The details of other expenses are as under: -

Insurance - ₹15,600 per annum	Repairs - ₹ 4,800 per quarter
Garage Rent - ₹2,400 per quarter	Salary of Operating Staff - ₹ 7,200 per month
Road Tax - ₹5,000 per annum	Tyres and Tubes - ₹3,600 per quarter

Diesel: (one Litre is consumed for every 5 km) 13 per Litre Oil and Sundries 22 per 100 km run Depreciation 68,000 per annum. Passenger Tax @ 22% on Total Taking is to be levied and Bus Operator requires a Profit of 25% on Total Taking.

Prepare Operating Cost Statement on annual basis and find out the Cost per Passenger Kilometer and One-Way Fare per Passenger. **(10 Marks)**

(B) The standard time required per unit for a product is 20 minutes. If in a day of 8 working hours, a worker gives an output of 30 units, calculate his earnings under Rowan Bonus Scheme. He gets a time rate of ₹ 20 per hour. **(4 Marks)**

Q.13 (A) Explain the meaning and purpose of Time Study and Motion Study. **(5 Marks)**

(B) Job Costing Vs. Process Costing **(5 Marks)**

(C) Explain the relevance of Cost Accounting in relation to Information Technology **(4 Marks)**