Extra TYBAF Sem(IV) 03/05/2014 Cost A/c

Q.P. Code :10637

[Time: $2\frac{1}{2}$ Hours] [Marks:75]

Please check whether you have got the right question paper.

N.B: 1. All questions are compulsory.

Q.1 A) Multiple choice questions **(Any eight)** **08**

1. Target cast management is
   a) A management technology to establish a cost target
   b) A structured approach for determining cost
   c) Both of these
   d) None of these
2. The type of process loss that should not affect the cost of inventories is
   a) Abnormal loss
   b) Normal loss
   c) Seasonal loss
   d) Standard loss
3. In cost accounts stock are valued at
   a) Cost
   b) Net realizable value
   c) Cost or net realizable value whichever is less
   d) Estimated cost
4. Service costing is
   a) Costing techniques
   b) Costing classification
   c) Costing methods
   d) Cost absorption method
5. The cost pools and cost drivers are used to assign indirect costs to
   a) Cost units
   b) Cost objects
   c) Cost centres
   d) Production units
6. An inter-locking accounting system has
   a) Various ledgers relating to one another
   b) A separate set of financial ledgers and separate set of costing ledgers
   c) Accounting entries locked up in the ledger
   d) Different ledger for direct expenses and indirect expenses
7. Which of the following unavoidable loss
   a) Standard loss
   b) Abnormal loss
   c) Actual loss
   d) Normal loss

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8. Profits related to new product in its introductory stages are
    a) Negative
    b) Continuous rising
    c) Higher
    d) Declining
9. Material handling in the life cycle is
    a) Operation cost
    b) Initial cost
    c) Acquisition cost
    d) None of these
10. Appropriation of profit is _________ in cost accounts.
    a) Included
    b) Not included
    c) Considered
    d) Separately shown

Q.1 B) State whether the following statement are true or False **(Any seven)** **07**

1. Canteen uses number of beds as cost units.
2. Log book and Daily log sheet are one and the same.
3. Integral accounts eliminate the necessity of operating cost ledger control accounts.
4. Loss on sale of capital asset is not included in accounts under integral system.
5. The technique used in evaluation of performance, efficiency, costs, profits etc. of firms producing same type of products is called interfirm comparison.
6. The document in writing adopted by trade associations or by undertaking the Uniform costing is called Uniform cost Manual.
7. Work in progress accounts makes cost ledger self-balancing.
8. Service costing is not used in hospitals.
9. The Non-integrated accounts, no personal accounts are kept but the transactions affecting the nominal accounts are recorded.
10. Non-productive time of direct workers are debited to stores ledger control accounts in case of integrated accounts.

TURN OVER

Q.2 Razor Ltd. keeps books on Integral accounting system. Transactions for the month of August 2016 were as under : **15**

a) Raw material purchased form Ajay and Co. (50% on credit) 5,00,000
b) Depreciation on Machinery 30,000
c) Cost of goods produced 4,00,000
d) Manufacturing overheads payable 20,000
e) Return of Indirect Material to store 1,00,000
f) Sales (30% on cash) 8,00,000
g) Material returned to Sanjay and Co. from stock 40,000
h) Cost of defective work taken out of process 20,000
i) Purchase of truck from Azad ltd (75% on credit) 1,00,000
j) Loan from Axis Bank 6,00,000
k) Cost of goods sold 6,00,000
l) Receipt from Ajay 50% of the amount by cheque

You are required to pass journal entries in the books of Razor Ltd for the month of August 2016.

OR

Q.2 Light Limited opens the costing record with the balances. From the following information, you are required to prepare the ledger account and Trial Balance. **15**

Particulars	Debit (Rs.)	Credit (Rs.)
Stores Ledger Control A/c	40000	
Work -in- progress ledger Control A/c	42000	
Finished Goods Control A/c	28000	
Cost Ledger Control A/c		110000
	110000	110000

Transactions during the year as follows

Material Purchase	98,000
Material Return to supplier	6,000
Material issue to Production	1,00,000
Material return to stores	4,000
Productive wages	45,000
Indirect labour	28,000
Factory expenses incurred	50,000
Selling & administration expenses	40,000
Cost of finished goods transferred to warehouse	2,20,000
Cost of goods sold	2,15,000
Sales	3,00,000

Factory overhead are applied to production at 150% of direct wages, any under / over absorbed overhead being carried forward for adjustment in the subsequent months. All selling and administration expenses are treated as period cost and charged off to the Profit & Loss A/c of the month in which they are incurred.

TURN OVER

15

Q.3 From the following information relating to Process' Q'.
Prepare the Statement of Equivalent Production, Statement of Cost, Statement of Evaluation and Process Account and Abnormal Loss/Gain Account. (FIFO Method)

a) Opening Work in Progress-4000 Units
Degree of completion -

Material	-100%	- Rs. 23,000
Labour	- 60%	- Rs. 11,240
Overheads	- 60%	- Rs. 8,380

b) Received from Process ` P'- 40,000 Units for Rs. 1,72,800

c) Expenses incurred in Process `Q' during the month -
Material - Rs. 81,000
Labour - Rs. 1,35,720
Overheads - Rs. 67,860

d) Closing work in Progress – 3000 Units
Degree of completion -
Material - 100%
Labour - 50%
Overheads - 50%

e) Units Scrapped - 4000 units
Degree of completion -
Material -100%
Labour - 80%
Overheads - 80%

f) Normal loss - 5% of current input, Spoiled goods realized at Rs.1.50 per unit on sale

g) Completed units are transferred to warehouse.

OR

Q.3 A certain product passes through three process before it is transferred to finished stock. The following information is obtained for the month of March 2017.

Particulars	Process I	Process II	Process III	Finished Stock
Opening stock	20,000	24,000	16,000	60,000
Direct Material	45,000	40000	65,000	--
Direct Wages	25,000	32,000	27,000	--
Production Overheads	28,000	12,000	80,000	--
Closing stock	10,000	12,000	8,000	30,000
Profit on cost of each process	$33\frac{1}{3}$%	25%	25%	--
Inter process profit for opening stock	--	4,000	4,000	22,000

Stock - in - processes are valued at prime cost and finished stock has been valued at price at which it is received from process Ill. Sales during the period were Rs. 700000.

Prepare Process Account and Finished Stock Account showing the Profit elements at each stage and Actual Realized Profit.

TURN OVE

Q.4 Mr. Aryan runs a Holiday Inn Hotel which has 40 rooms. During summer season rooms are occupied to the extent of 80% and during winter season occupancy is 60%. **15**

The following costs were incurred during the year ended 31st December 2015.

Salaries to staff	6,00,000
Rates and Taxes	5,00,000
Sundry Expenses	80,000

<u>Electricity charges</u>

Summer Rs 5000 per month

Winter Rs 2000 per month

<u>Depreciation on</u>

Building	3,60,000
Furniture	60,000
Equipments	40,000

Room attendant is paid Rs 50 per day when room is occupied.

Ascertain the amount to be charged per room per day if profit expected is 20% on takings.

Summer is of 8 months and winter 4 months. Assume a month of 30 days.

OR

Q.4 Kruti owns a fleet of taxis and the following information is available from his records **15**

No. of Taxi	10
Cost of each taxi	Rs.30,000
Salary to Manager	Rs.750 per month
Salary to Accountant	Rs.500 per month
Salary to Cleaner	Rs.200 per month
Salary to Mechanic	Rs.450 per month
Garage Rent	Rs.650 per month
Insurance Premium	5% per annum
Annual Tax	Rs.600 per taxi
Driver salary	Rs.200 per month per taxi
Annual Repairs	Rs.1,300 per taxi

Total life of a taxi is about 2,14,000 km. A taxi runs in all 3,000 km in a month of which 30% it runs empty. Petrol consumption is one litre for 10 km @Rs.49

Oil & other sundries are Rs.7 per 100 km.

Calculate cost of running a taxi per km.

Q.5 a) Define uniform costing and state the important features. **07**

b) Distinguish between integrated and non-integrated system of maintaining accounts? **08**

OR

Q.5 Write short notes on **(Any three)** **15**

a) Objectives of inter-firm comparison

b) Advantages of Non-integrated system of accounts

c) Features of operating costing

d) Equivalent units

e) Life cycle costing
