**Note:** All questions are compulsory.
All questions carry equal marks.
Use of simple calculator is allowed.

Q.1. Solve any two out of three. (7.5 marks each)                                    15 marks

a) From the following data prepare a stock ledger by FIFO method.

| Date | Transaction | Units | Rate per unit (Rs.) |
|------|-------------|-------|---------------------|
| 01/10/2016 | Opening stock | 70 | 3.5 |
| 03/10/2016 | Purchases | 120 | 3.8 |
| 07/10/2016 | Sales | 130 | 4.2 |
| 11/10/2016 | Purchases | 150 | 3.9 |
| 15/10/2016 | Sales | 170 | 4.3 |
| 19/10/2016 | Purchases | 160 | 4.5 |
| 23/10/2016 | Sales | 130 | 4.4 |
| 27/10/2016 | Purchases | 180 | 4.1 |
| 31/10/2016 | Sales | 150 | 4.5 |

b) Kismat ltd., a manufacturing unit has three department A, B, and C and two service departments X and Y. The following estimates of expenses are available for a period:

| Particulars | Rs. |
|-------------|-----|
| Rent and rates | 64000 |
| Power | 88000 |
| Staff welfare expenses | 60000 |
| Insurance on building | 32000 |
| Insurance on machinery | 120000 |
| Staff canteen expenses | 20000 |

Allocate the above expenses. The other technical details about the departments are as under:

| Particulars | Total | A | B | C | X | Y |
|-------------|-------|---|---|---|---|---|
| Floor area ('000 Sq. Feet) | 160 | 20 | 40 | 60 | 20 | 20 |
| Nos. of workers | 100 | 20 | 30 | 30 | 10 | 10 |
| Horse power of machines | 200 | 60 | 40 | 50 | 30 | 20 |
| Cost of machines (Rs. Lakhs) | 20 | 12 | 4 | 2 | 2 | 0 |

c) Explain advantages and disadvantages of Cost Accounting.

Q. 2 Solve any two out of three. (7.5 marks each)                                    15 marks

a) From the following data prepare a cost sheet for the year 2016.

| Particulars | Rs. |
|-------------|-----|
| Opening stock of raw material | 300000 |
| Purchase of raw material | 800000 |
| Closing stock of raw material | 100000 |
| Carriage outward | 8000 |
| Indirect wages | 20000 |
| **Salary:** | |
| --- office | 50000 |
| ---sales office | 40000 |
| Other factory expenses | 50000 |

| | |
|---|---|
| Trade fair expenses | 20000 |
| **Depreciation:** | |
| --- Factory | 30000 |
| --- Office | 20000 |
| --- Selling | 20000 |
| Direct salary | 50000 |
| Advance interest received | 40000 |
| Custom duty paid for purchase of raw material | 500000 |
| Debenture interest paid | 50000 |
| Freight inward | 20000 |
| Custom duty paid for purchase of plant | 50000 |
| Direct wages | 200000 |
| Other direct charges | 50000 |
| Goodwill written off | 5000 |

Direct salary is to be allocated to factory, office and selling in the ratio of 2:1:2.

b) Mr. Vinay provides the following data relating to the manufacturing of one standard product during the month of April 2016

| Particulars | Rs. |
|---|---|
| Opening stock of raw material | 30000 |
| Raw material purchased | 80000 |
| Carriage inward | 15000 |
| Closing stock of raw material | 20000 |
| Direct labor charges | 80000 |
| Machine hour worked | 1000 |
| Machine hour rate | 20 |

Administration overheads 10% on works cost
Selling overheads Rs. 0.49 per unit
Unit produced : 50000 units
Units sold: 40000 units @ Rs. 7 per unit

You are required to prepare a cost statement showing:
1. The cost per unit
2. Profit per unit sold and profit for the period.

c) What are overheads? Explain administrative overheads and selling and distribution overheads with examples.

Q.3. Solve any two out of three. (7.5 marks each)                                                                15 marks

a) Prepare a reconciliation statement from the following date:

| | Rs. |
|---|---|
| Net loss as per the cost accounts | 34480 |
| Net loss as per financial accounts | 43209 |
| Works overheads under-recovered in cost accounts | 624 |
| Depreciation overcharged in cost account | 260 |
| Admin overheads recorded in excess in cost books | 340 |
| Interest on investments | 1750 |
| Goodwill written off in financial books | 1140 |
| Income tax paid | 8060 |
| Store adjustments (credit in financial books) | 95 |
| Depreciation of stock charged in financial books | 1350 |

b) Profit disclosed by company's cost account for the year ended 31st March 2016 was Rs. 100000 whereas Net profit as disclosed by the financial accounts was Rs. 59500. Following information is available:

1. Work has commenced during the year on a new factory and expenditure of Rs. 60000 was incurred. Depreciation was provided at 5% for 6 months in the financial account.
2. Directors fees shown in financial account was Rs. 4000
3. Share transfer received during the year were Rs. 2000
4. Provision for income tax was Rs. 30000
5. The company allocated Rs. 10000 as provision for doubtful debts.
6. O/hs as per cost A/c were estimated at Rs. 17000. The charge for the year shown by the financial A/c was Rs. 14000.
   Prepare reconciliation statement.

c) Explain Cost- Volume – Profit Analysis.

Q. 4. Solve any two out of three. (7.5 marks each)                                15 marks

a)

| Year ended | Total sales Rs. | Total profit Rs. |
|------------|-----------------|------------------|
| 31/3/2015  | 600000          | 60000            |
| 31/3/2016  | 800000          | 100000           |

Require to compute:
1. P/V ratio
2. Fixed cost
3. BEP sales and units
4. MOS for 2015 and 2016

b) Information of Joshi and company is given below:

| Particulars | Per unit variable cost Rs. | Fixed cost Rs. |
|-------------|----------------------------|----------------|
| Direct material | 6 | -- |
| Direct labor | 6 | -- |
| Factory overhead | 4 | 50000 |
| Selling expenses | 4 | 20000 |
| Administration overhead | 4 | 10000 |

Budgeted sales are 12500 units @ Rs. 20 per unit. Find:
1. P/V ratio
2. Break-even point sales
3. Profit at budgeted sales
4. Margin of safety at budgeted sales
5. Profit if actual sales increases by 5% from the budgeted sales

c. Explain various types of budgets.

Q. 5.                                                                              15 marks

Riddhi Ltd. is a Tube light starter manufacturing company. Siddhi ltd. has approached Riddhi with the proposal to sell the company a component which is used in its Tube light starter at a price of Rs. 120000 for 40000 units. Riddhi is currently making these components in its own factory.
The following costs are associated annually with this part of the process when 4000 units are produced.

| Particulars | Rs. |
|-------------|-----|
| Direct Material | 40000 |
| Direct labor | 20000 |
| Manufacturing overhead (fixed and variable) | 68000 |
| Total | 128000 |

All but Rs. 30000 of the manufacturing overhead costs will not continue if Riddhi discontinues making the components. Riddhi will be able to eliminate machine rental of Rs. 18000 per year if the components are no longer manufactured.

Calculate:

a. How much will be the incremental cost or savings if Riddhi outsources? Use the incremental approach to justify your answer.
b. What is amount of avoidable costs if Riddhi buys rather than makes the components?
c. Should Riddhi Make or Buy the components? Briefly justify your answer.