CODE No.11811

[Time: 2 Hours] **[Marks:60]**

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory.
2. However, question No.3 consists questions on Two topics, one on uniform costing & interfirm comparison and second on integrated & Non-integrated. The students are advised to attempt the question on the topic related to their syllabus.
3. Figures to the right indicate full marks allotted to the question
4. Working notes should form part of the answer.

Q.1 Care Hospital operates a fitness center to provide counseling on nutrition, exercise and health care for major surgery patients after their release from the hospital. Average patient will make three visits to the centre. Each visit lasts 40 minutes. The hospital has estimated the following costs of operating the center **15**

Particulars	Rs.
Occupancy Costs per month	18,000
Clerical costs per month	12,000
Other costs per month	4,000
Medication charges per patient	44
Records charges per patient	16
Staffing cost per visit	09
Computer record update per visit	03

Hospital expects to have an average of 500 visits per month. What should be the amount to be charged to each patient in order to cover the above costs?

OR

Q.1 Union Transport Co. supplied the following details in respect of truck of 5 tonne capacity **15**

Cost of a truck (Rs)	10,00,000
Estimated life (years)	10
Diesel Oil & grease	Rs.65 per trip each way
Repairs & Maintenance	Rs. 1,500 per quarter
Drivers Wages	Rs. 15,000 per month
Cleaners Wages	Rs. 8000 per month
Insurance	Rs. 12,000 per year
Tax	Rs. 2,250 for half year
Scrap value of truck	Rs.1,00,000
General Supervision Charges	Rs.22,500 per year

The truck carries goods to and from the city covering a distance of 50 kms each way. On outward trip freight is available to the extend of full capacity and on return 20% of capacity. Assuming that truck runs on an average 25 days in a month and completes one trip per day.

Work out:

(a) Operating cost per ton-km

(b) Rate per ton-km that the company should charge if a profit of 50% on freight is to be earned.

(c) Freight per trip.

Q.2 Agarwal and Co. sold 7,000 units at Rs.100 per unit in the year 2015 and incurred loss of Rs.10,000. It sold 9,000 units at Rs. 100 per unit in the year 2016 and earned profit of Rs.10,000. From the above information you are required to calculate **15**

(1) Break even point in value and volume.
(2) Margin of safety in Rs. and units for the year 2016.
(3) Number of units to be sold to earn profit of Rs.50,000

OR

Q.2 Max Industries Limited produces and markets Industrial containers and packing cases. Due to competition, the company proposes to reduce the selling price. **15**

If the present level of profit is to be maintained, indicate the number of units to be sold if the proposed reduction in selling price is 5%, 10% and 15%.

The following additional information is available

Particulars	**Rs.**	**Rs.**
Present sales turnover (30,000 units)		3,00,000
Less: Variable Cost (30,000 units)	1,80,000	
Fixed cost	70,000	(2,25,000)
Profit		50,000

Show the calculations in Tabular Form.

Q.3 The following are the financial data of 3 companies in an industry involved in the manufacturing of a common product **15**

	(Rs. Per unit)		
	P	Q	R
Direct Materials	37	40	42
Direct Labour cost	18	19	17
Overheads	22	26	24
Depreciation	?	?	?
Total Cost			

Capital Employeed per unit is determined as follows:

Fixed Assets (Opening Balance)	150	200	230
Fixed Assets (Closing Balance)	135	185	215
Current Assets	65	72	76
Current Liabilities	25	38	47
Share of Production (%)	40%	25%	35%
ROCE (as a % of Capital Employed)	16⅔%	33 1/3%	18 ½ %

There is no sale or addition on fixed assets during the year. The companies have not changed the method and the rate of depreciation. The difference, between the opening balance and closing balance of fixed assets indicates the amount of depreciation on the fixed assets. You are required to calculate the uniform price that should be fixed for the common product?

OR

Q.3 Following is the Profit and Loss Account of Satabdi Company Ltd, for the year ending 31st December, 2009 and the Balance sheet on that date. **15**

Vertical Income Statement for the year ending 31.12.09 (Rs. In '000)

Particulars	(Rs.)	(Rs.)
Not sales		375.00
Less: Cost of Goods Sold:		
Opening Stock	72,50	
Add: Purchases	306.00	
Less: Closing Stock	77.50	
Cost of Goods Sold		(300.00)
Gross Profit		75.00
Less Operating Expenses:		
Sundry Expenses	40.00	
		(40.00)
Net Operating Profit/EBIT/EBT/Net profit Before Tax		35.00
Less: Income Tax		(15.00)
Net Profit After Tax		20.00

Vertical Balance Sheet 31.12.09 (Rs.in '000)

Particular	(Rs.)	(Rs.)	(Rs.)
(I) SOURCES OF FUNDS:			
(1) OWNED FUNDS:			
Share Capi8tal		350.00	
Add: Reserves and Surplus	25.00		
Add: Profit For the Year	35.00	60.00	
Net Worth/Total Funds Available			410.00
(II) APPLICATION OF FUNDS:			
(1) Fixed Assets (Net)			275.00
(2) Working Capital:			
Current assets			
Quick assets			
Debtors	90.00		
Cash	60.00		
TOTAL QUICK ASSETS		150.00	
Non-Quick Assets:			
Stock	77.50		
Total Non-Quick Assets		77.50	
Total Current Assets		227.50	
Less: Current Liabilities			
Quick Liabilities			
Creditors	75.00		
Total Quick Liabilities		75.00	
Non-Quick Liabilities:			
Bank Overdraft	17.50		
Total Non-Quick Liabilities		17.50	
Total Current Liabilities		92.50	
Working Capital			135.00
Total Capital Employed			410.00

Calculate the following ratios : and compare with Industry Ratios
(a) Debtors Turnover ratio and Debt Collection Period in Days. (b) Stock Working Capital Ratio (c) Current Ratio.
(d) Gross Profit Ratio (e) Operating Ratio.

Industry Ratio

a) Debtors Turnover Ratio	4 Times
Debt Collection Period	85 days
b) Stock Working Capital Ratio	58%
c) Current Ratio	3:1
d) Gross Profit Ratio	5%
e) Operating Ratio	80%

Q.3 A company operates on historic job cost accounting system which is not integrated with a financial accounts. At the beginning of a month, the balances in cost ledger were: **15**

(Rs. In lakh)

	Rs.
Stores Ledger Control A/c	80
Work-In-Progress Control A/c	20
Finished Goods Control A/c	430
Building Construction A/c	10
Cost Ledger Control A/c	540

During the month, the following transactions took place

(Rs. In lakh)

	Rs.
Materials:	
Purchased	40
Issued to Production	50
Issued to General Maintenance	6
Issued to Building construction	4
Wages:	
Gross Wages paid	150
Indirect Wages	40
For Building Construction	10
Works Overhead:	
Actual amount incurred (excluding items shown above)	160
Absorbed in Building Construction	20
Under – absorbed	8
Royalty paid	5
Selling, Distribution & Administration Overheads	25
Sales	450

At the end of the month, the stock of raw material and work-in-progress was Rs.55 lakhs and Rs.25 lakhs, respectively. The loss arising in the raw material accounts is treated as factory overheads. The building under construction was completed during the month. Company's gross profit margin is 20% on sales.

Prepare the relevant control accounts to record the above transactions in the cost ledger of the company. Also show Trial Balance at the month end.

OR

Q.3 Messrs Esbee Ltd. maintain Accounts of Cost and Financial Accounts. From the following details, write up control accounts in the general ledger of the factory and prepare a Trial Balance: **15**

Balances at the beginning of the year	Rs.
Share Capital	3,00,000
Reserve	2,00,000
Sundry Creditors	5,00,000
Plant & Machinery	5,75,000
Sundry Debtors	2,00,000
Stock of Raw Material	1,50,000
Bank & Cash Balance	75,000
Transaction during the year were as follows:	
Stores purchased	10,00,000
Stores issued to production	10,50,000
Stores in hand	95,000
Direct Wages incurred	6,50,000
Direct Wages charged to production	6,00,000
Manufacturing Expenses incurred	3,00,000
Manufacturing Expenses charged to production	2,75,000
Selling & Distribution Expenses	1,00,000
Finished Stock production (at cost)	18,00,000
Sales (at Selling Price)	22,00,000
Closing Stock	95,000
Payments to Creditors	11,00,000
Receipts from Debtors	21,00,000

Q.4 (a) Choose the correct option and rewrite the complete sentence **05**

(i) Under marginal costing cost is classified on the basis of ....

- function • element • behaviour • None of the above

(ii) Operating Costing is not applicable to..............................

- Transport companies • Hospital • Hotel • Oil Industry

(iii) Petrol is .... cost

- Standing
- Running
- Maintenance
- All of the above

(iv) P/v ratio is indicated in a Break-even chart by ....

- Inter Section of fixed cost and total cost line
- Inter Section of total cost and sales line.
- angle of incidence between total cost and sales line.
- Angle between total cost and fixed cost lines.

(v) Cost per kilogram of steam supplied is used by................ organization

- Hospital
- Gas Works
- Electric supply
- None of the above.

Q.4 b) State whether the following statements are **True** or **False** **05**

i) Increase in Price leads to lower margin of Safety.
ii) In marginal costing the price can be fixed on the basis of any variable cost.
iii) Opportunity cost need not be considered
iv) Current assets includes Bank overdraft
v) Fixed cost is a period cost under marginal costing.

Q.4 c) <u>Match the columns</u> **05**

A	**B**
i) Margin of Safety	• Not relevant for decision making
ii) Marginal Costing	• Per ton-km
iii) Decision making	• Total cost
iv) Operating costing	• Method of Costing
	• Technique of costing
v) Sunk cost	• Actual Sales – Break even sales
	• Choice of alternatives

OR

Q.4 Attempt **any three** **15**

a) What are the limitations of Marginal Costing?

b) Explain meaning and characteristics of Operating Costing.

c) Write Short Note on 'Log Book'.

d) Distinction between Absorption Costing and Marginal Costing.

e) Explain briefly 'Uniform Costing'.

f) Write Short note on 'Non-integral System of Accounting'.
