

7/10/15

Fin Acc Auditing

Cost A/c P-VI

QP Code : 13857

(2½ Hours)

[Total Marks : 75

- N. B. : (1) All questions are compulsory.
(2) Figures to the right indicate full marks allotted to the question.
(3) Working notes wherever necessary should form part of answer.

1. (a) Select the most appropriate option and rewrite the full sentence. (any eight)

(1) The aggregate of all direct costs is termed as _____ cost.

- Works
- Prime
- Total
- Production

(2) Order should be placed with the supplier when the inventory touches _____.

- Maximum level
- Re-order level
- Minimum level
- Danger level

(3) Under perpetual inventory system stock is ascertained _____.

- Periodically
- Continuously
- At the end of the year
- None of the above

(4) Labour Turnover is caused by _____.

- Low wages
- Discharge
- Dissatisfaction with job
- All of the above

(5) Idle time is _____.

- Paid by the employer.
- Time wasted by workers
- Not paid by employer
- All of the above

(6) _____ is not excluded while preparing a cost sheet.

- Goodwill written off
- Provision for taxation
- Interest on capital
- Property tax on office building

(7) Total of Indirect materials, indirect labour and indirect expenses is called as _____.

- Prime cost
- Overhead cost
- Works cost
- Chargeable cost

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(8) When overheads recovered in costing are more than actual overheads incurred it is called as _____ of overheads.

- Under absorption
- Over absorption
- Proper absorption
- None of the above

(9) Dock charges is a _____.

- Direct cost
- Indirect cost
- Urgent cost
- Production cost

(10) Over valuation of closing stock in cost accounts _____

- Increases costing profit
- Decreases costing profit
- Increases financial profit
- Decreases financial profit

(b) State whether the following statements are True or False. (any seven)

- (1) In ABC analysis 'A' class items are costliest.
- (2) Economic Order Quantity can be Re-order Quantity but not vice-versa.
- (3) Overtime increases labour cost.
- (4) Preliminary expenses written off appear only in Financial Accounts.
- (5) Primary Packaging Charges is an example of selling and distribution overheads.
- (6) Over absorption of Overheads increases Costing Profit.
- (7) Fixed Cost per unit remains fixed irrespective of level of output.
- (8) Strikes and lockout is abnormal idle time.
- (9) Drawing Office Salaries is an item of Factory Overheads.
- (10) Profit on sale of asset is shown in financial Accounts.

2. (a) Ambar Ltd. has five departments; P, N, R and S are production departments and T is a service department. The actual cost for a period are as follows:

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Repairs	₹
Rent	35,000
Depreciation	25,000
Supervision	42,000
Insurance	40,000
Light	16,000
Employer's liability of employees' insurance	18,000
	6,000

The following information is also available in respect of the five departments :

Particulars	Production Departments				Service Dept.
	P	N	R	S	T
Area (Sq. ft.)	1,400	1,200	1,100	900	400
No. of workers	250	300	100	100	50
Total Wages	₹ 1,00,000	₹ 80,000	₹ 50,000	₹ 50,000	₹ 20,000
Value of plant	₹ 2,00,000	₹ 1,80,000	₹ 1,60,000	₹ 1,00,000	₹ 60,000
No. of light points	60	40	35	30	25
Value of stock	₹ 1,50,000	₹ 1,00,000	₹ 50,000	₹ 20,000	—

Prepare a Statement showing Primary Distribution of Overheads.

- (b) A Worker produced 200 units in a week's time, the guaranteed weekly wages payment for 45 hours is ₹ 405. The expected time to produce one unit is 15 minutes which is raised further by 20% under incentive scheme. What will be the earning per hour of that worker under Halsey (50% sharing) and Rowan Bonus Scheme?

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OR

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2. (a) From the following information, Calculate the machine hour rate for the machine.

	₹
Purchase price of the machine	4,50,000
Installation charges	50,000
Rent per quarter	30,000
General lighting for the total area (Per month)	2,000
Insurance premium for the machine (Per annum)	6,000
Foreman's Salary (Per annum)	60,000
Estimated repairs for the machine (Per annum)	18,000

Power - 2 units per hour @ ₹ 500 per 1,000 units

Estimated life of the machine is 10 years and the estimated value at the end of the 10th year is ₹ 1 Lakh.

The machine is expected to run 20,000 hours in its life time. The machine occupies 1/4th of the total area. The foreman devotes 1/6th of his time for the machine.

- (b) From the following information, calculate the earnings of a worker under the Halsey Premium Plan (50% of time saved) and Rowan Premium Plan separately.

Time taken to complete job 72 hours

Time allowed to complete job 90 hours

Per hour rate of wages ₹ 25

Dearness Allowance ₹ 10 per day of 8 hours' work.

3. Following are the Purchases and Sales in the month of Dec. 2014. Prepare the Stores Ledger on the basis of (i) FIFO and (ii) Weighted Average (Perpetual) method.

Date (2014)	Purchases (Units)	Rate (₹)	Sales (Units)
Dec. 1	1,200	4.00	—
4	—	—	600
5	600	3.80	—
10	—	—	400
18	400	4.20	—
23	—	—	800
29	800	4.40	—
31	—	—	600

Out of purchases on Dec. 5th, 100 units were returned to the supplier on Dec. 8th.

Note :- Calculate Weighted Average Rate up to two decimal points.

OR

3. (a) Mr. Jeet, an employee of the company gets the following emoluments and benefits :

Basic wages	₹ 35,000 per month
Dearness allowance	100% of basic
Employer's contribution to provident fund	10% of basic
Employer's contribution to E. S. I.	4% of basic
Bonus	15% of basic
Other allowances	₹ 42,500 p.a.

He works for 3,000 hours per annum, out of which 600 hours are normal idle time. Mr. Jeet worked 30 effective hours on a job- 'B' where the cost of direct material is ₹ 50,000 and overheads are 60% of combined cost of material and labour. The sale value of job is quoted to earn profit 25% on cost.

You are required to find out Effective hourly cost of Mr. Jeet and the Expected sales value of job- 'B'

- (b) A Company is having three production departments namely, A, B and C and two service departments S1 and S2. The expenses incurred during the month of March 2015 are as follows:-

Expenses	Amount (₹)
Supervision	30,000
Fire Insurance	10,000
Power	18,000
Light	6,000
Rent	10,000
Repairs and Maintenance	17,000
Depreciation on Plant	8,500

The following information is also available for above departments :

Particulars	Departments				
	A	B	C	S1	S2
Floor space (Sq. ft.)	1,500	1,000	900	500	100
No. of workers	20	10	10	15	5
H.P. of Machine	8	5	2	-	-
Direct Wages ₹	3,000	2,000	2,000	1,000	1,000
Value of Plant ₹	12,000	9,000	6,000	3,000	4,000
Value of Stock ₹	15,000	9,000	6,000	-	-
Light Points	4	2	2	1	1

Prepare a Statement showing Primary Distribution of Overheads.

4. Following particulars have been extracted for the year ended 31st March, 2015 from the books of M/s Ashwin Manufacturing Co. Ltd.

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	₹
Purchase of Raw Materials	4,95,000
Direct wages	3,18,000
Office Salaries	94,500
Carriage Inwards	3,000
Carriage Outwards	2,80,120
Sales	16,00,000
Opening Stock — Raw Materials	1,80,000
— Finished Goods (6,000 units)	44,910
— Work in Progress	66,000
Travelling Expenses	11,920
Interest on Capital	30,000
Advertising	29,800
Power	10,500
Income Tax	95,000
Agent's Commission	46,190
Plant Maintenance	37,500
Rent and Lighting (9/10th for Factory)	1,05,000
Rent Received	3,000
Rent of Warehouse	5,960
Sundry Expenses — Factory	13,500
— Office	25,500
Building Repairs (1/10th for Office)	1,05,000
Manager's Salary (For Factory ₹ 12,000)	22,500
Depreciation on — Plant	19,500
— Factory Building	7,500
— Office Building	9,000
Sale of Scrap	4,500

Closing stock of Raw Materials ₹ 1,95,000 and Work-in-Progress ₹ 78,000. During the year 1,50,000 units were produced out of which 7,000 units remained unsold.

Prepare Cost sheet and show the total and per unit cost and total profit and per unit profit earned.

OR

4. Following is the summarised Profit & Loss Account of M/s Star Manufacturing Co. Ltd. for the year ended 31st Dec. 2014.

Profit & Loss Account
For the year ended 31st Dec. 2014.

Particulars	₹	Particulars	₹
To Wages	1,51,000	By Sales (12,000 units)	6,29,000
To Materials used	2,74,000	By Cl. stock of Finished Goods (400 units)	16,000
To Factory Expenses	83,000	By Closing stock of Work-in-Progress	12,000
To Expenses on Administration	38,240	By Dividends received	1,800
To Selling Expenses	45,000		
To Goodwill written off	2,000		
To Preliminary Expenses written off	4,000		
To Net profit	32,560		
	6,29,800		6,29,800

In the cost accounts :

- (1) Factory expenses have been allocated to the production at 20% on prime cost.
- (2) Expenses of administration at ₹ 3 per unit produced.
- (3) Selling expenses at ₹ 4 per unit sold.

You are required to prepare Cost sheet of the company and reconcile the profits disclosed by Cost accounts and those shown by Financial accounts.

[TURN OVER

5. (a) State and explain advantages of Cost Accounting.
 (b) Explain the ABC Classification system of Inventory Control.

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OR

5. Write short notes on (any three) :-
 (a) Economic Order Quantity (EOQ)
 (b) Labour Turnover
 (c) Cost Classification by Behaviour
 (d) Abnormal Idle Time of Labour
 (e) Purchase Order

(मराठी रूपांतर)
 (२½ तास)

एकूण गुण : ७५

- सूचना : (१) सर्व प्रश्न अनिवार्य आहेत.
 (२) उजवीकडील अंक पूर्ण गुण दर्शवितात.
 (३) उत्तरासाठीचे टाचण आवश्यक असेल तेथे उच्चराचा भाग मानला जाईल.
 (४) इंग्रजी भाषेतील प्रश्न प्रमाण मानावेत.

१. (अ) सर्वात योग्य विकल्पाची निवड करून वाचून पुन्हा लिहा (कोणतेही आठ) :-
- (१) सर्व प्रत्यक्ष परीव्ययाला एकत्रितपणे ----- परीव्यय असे संबोधले जाते.
- कारखाना
 - एकूण
 - मूल
 - उत्पादन
- (२) साठा ----- ला पोहोचल्यावर पुर्वठादाराकडे आदेश पाठविला जातो.
- कमाल पातळी
 - किमान पातळी
 - पुनर्आदेश पातळी
 - धोकादायक पातळी
- (३) सततच्या साठा पद्धतीमध्ये साठ्याचा शोध ----- केला जातो.
- ठराविक कालावधीनंतर
 - वर्षाच्या शेवटी
 - सातत्याने
 - वरीलपैकी कोणतेही नाही.

[TURN OVER]