

SYBMS sem III Reg & A.T.K.T. Exam Oct-2022
 Introd. to Cost Accounting (Finance) 17/10/22

Time: 2¹/₂ Hours

Total Marks 75

N.B. (1) All questions are compulsory subject to internal choice.

(2) Figures to the right indicates full marks.



Q 1) (A) Multiple Choice questions: (Any EIGHT)

(8 Marks)

- (1) Cost Accounting is direct towards the need of __
 (a) Government (b) External users (c) Internal users (d) Shareholders.
- (2) Cost of Production is equal to __
 (a) Factory cost + Administrative overheads (b) Factory cost + Prime cost
 (c) Administrative overheads + selling Overheads (d) Prime cost + selling Overheads.
- (3) Variable cost increases in total due to __
 (a) Increase in Sales (b) Increase in Profit (c) Increase in volume of production
 (d) All the above.
- (4) Tenders and quotations are usually base on __.
 (a) Cost statements (b) Profit alone (c) Future estimates
 (d) Previous period's cost adjusted for future forecast.
- (5) Labour turnover is caused by __.
 (a) Dissatisfaction with Job (b) Low wages (c) Discharge (d) All the above.
- (6) Stores Department issues Material to the production Department based on __.
 (a) Purchase order (b) Goods received notes (c) Material Transfer notes
 (d) Material requisition notes.
- (7) Economic order quantity refers to __.
 (a) Quantity to be used economically. (b) The quantity of materials to be maintained.
 (c) The quantity of materials to be recorded
 (d) The quantity of materials to be ordered at a time.
- (8) Time keeping means __
 (a) Time spent by workers to record their entry into the Factory
 (b) A technique to analyse time spent by workers in firm
 (c) Time spent by workers on their jobs (d) All of the above.
- (9) Notional rent is recorded in __
 (a) Cost account (b) Balance sheet (c) Financial accounts. (d) None of the above.
- (10) Prime cost + Overheads = __.
 (a) Total cost (b) Cost of production (c) Works cost (d) All the above.

Q 1) (B) State whether the following Statements are TRUE/FALSE (Any 7)

(7 Marks)

- (1) Cost accounting is used only in manufacturing industry.
- (2) High labour turnover rate denotes good human relation.
- (3) Under absorption of overheads decreases profit in costing books.
- (4) Conversion cost is equal to direct wages plus factory overheads.
- (5) Bin card is same as Stores Ledger.
- (6) Wages are paid for idle time.
- (7) Stores Ledger is maintained by the Stores Department.
- (8) Overheads are first charged to the department where they are incurred.
- (9) Transfer to General Reserve is an item of cost accounts.
- (10) Power is a machine expenses.

Q 2) (A) The product of the company passes through three distinct processes

(15 Marks)

to completion. These processes are known as X, Y and Z. From the past experience, it is ascertain that wastage is incurred in each process as under: Process - 2%, Process Y- 4%, Process Z - 10%. The wastage at each process possesses scrap value. The wastage of processes X and Y is sold Rs.2.50 per unit and that of Process Z at Rs.5 per unit. The output of each process is transferred to next process and finished units are transferred from process Z into Stock account.

Particulars	X (Rs.)	Y (Rs.)	Z (Rs.)
Materials	2,70,000	2,60,000	1,20,000
Wages	4,30,000	2,40,000	1,30,000
Direct Expenses	1,37,500	1,45,000	1,60,000

The following information is obtained:- 50,000 Units were put into process X at a cost of Rs.10 per unit.

The output of each process is as follows:- Process X - 48,750 units, Process Y - 47,000 units, Process Z - 42,000 Units. There is no stock of work-in-progress in any process.

Prepare the process accounts,

OR

Q 2) (B) Calculate the Earnings of workers A, B and C under Straight Piece Rate System and Merrick's Multiple Piece Rate System from the following particulars:- **(7 Marks)**
(1) Normal Rate per Hour Rs.5.40. **(2)** Standard Time per unit One Minutes.

Out Put Per day is as follows:-

Worker A - 390 Units.
 Worker B - 450 Units.
 Worker C - 600 Units.
 Working Hours per day are 8 hours.

(C) G Ltd. produces product which has a monthly demand of 4,000 units. **(8 Marks)**
 The product requires a component X which is purchased at Rs.20. For every finished product, one unit of component is required. The ordering cost is Rs.120 per order and the holding cost is 10% p.a. You are required to calculate the Economic Order Quantity.(EOQ)

Q 3) (A) From the following information find out Profit or loss as per cost records:- **(7 Marks)**

Particulars	Rs.
Profit as per Financial Records	1,45,000
Over absorption on Indirect Wages	12,000
Overvaluation of Opening stock of Finished goods in cost Accounts	5,000
Excess Depreciation charged in financial accounts	3,500
Under absorption of Selling Overheads	7,500

(B) From the following particulars, prepare stock record by Weighted Average Method. **(8 Marks)**

Date	Transaction	Units	Rate
04-1-2014	Purchase	40	30
17-1-2014	Purchase	60	28
20-1-2014	Sale	50	35
22-1-2014	Purchase	80	29
25-1-2014	Sale	80	33
28-1-2014	Purchase	20	34
30-1-2014	Sale	100	26
31-1-2014	Sale	90	35

Stock on Hand on 1st January 2014 was 50 units @ Rs.25 each.

OR

Q 3) (C) A product passes through three processes. The following cost data have been extracted from the books of a manufacturing company. **(15 Marks)**

Particulars	Total(Rs.)	Process I	Process II	Process III
Materials	1,50,840	52,000	39,600	59,240
Direct Wages	1,80,000	40,000	80,000	80,000
Production Overheads	1,80,000			

10,000 units at Rs.6/- each were introduced into process I. There was no stock of Materials or work-in-progress at the beginning or at the end. The output of each process passes directly to the next process and finally to the finished stock. Production overheads are recovered at 100% of Direct Wages. The following additional data are obtained:-

Process	Output (In Units)	% of Normal Loss	Value of Scrap/Unit
I	9,500	5%	4
II	8,400	10%	8
III	7,500	15%	10

Prepare Process Account.

Q 4) (A) From the following details find out Profit or Loss as per Financial Accounts:- **(7 marks)**

Particulars	Rs.
Under absorption of Factory Overheads	12,500
Overvaluation of Closing stock of Raw Materials in cost accounts	8,600
Profit as per cost account	2,70,000
Depreciation under recovered in cost account	3,700
Over absorption of administrative Overheads	9,800

- (B) Calculate the earnings of workers A and B under Straight Piece Rate system and Taylor's Differential Piece Rate System from the following particulars:- (8 Marks)
 Normal Rate Per Hour: Rs.1.80
 Standard Time per unit 20 seconds.

Differentials to be applied:-

- 80% of the Piece rate below the standard.
 120% of the Piece rate above the standard.

Mr. A produced 1,300 units per day of 8 hours and Mr.B 1,500 units per day of 8 hours.

OR

- (C) Prepare statement of Reconciliation from the following details: (7 Marks)

Particulars	Rs.
Net profit as per financial books	51,052
Works overhead under recovered in cost	1,001
Depreciation charged in financial book	13,000
Obsolescence loss charged in financial book only	2,021
Depreciation charged in cost book	14,326
Interest received but not recorded in cost book	3,031
Income Tax provided in financial books only	2,626
Bank interest debited in financial book only.	292

- (D) Following details are furnished by NY Ltd. Of Expenses incurred during the year ended 31st March 2011:- (8 Marks)

Particulars	Rs.
Salesman Salary	6,47,500
Opening Stock of Finished Good (2,000 units)	7,60,000
Director's Fees	9,73,700
Indirect Wages	9,76,300
Repairs to Office Furniture	4,01,700
Works Managers Salary	11,94,700
Showroom Expenses	10,68,750
Depreciation on Computer	12,12,900
Indirect Materials	7,31,900
Depreciation on Plant and Machinery	4,77,100
Advertisement	15,33,750
Office Salaries	7,91,700
Direct Wages	10,01,000
Direct Materials	18,82,400
Direct expenses	4,96,600
Closing Stock of Finished goods (3,000 units)	?

- Q 5) (A) What is cost accounting? Explain the objectives of Cost accounting? (7 Marks)
 (B) State and explain the various stock levels? (8 Marks)

OR

- Q 5) Write short Note (any 3) (15 Marks)

- (i) Write formulas of Piece Rate system.
 (ii) Explain the Meaning of Economic Order Quantity (EOQ)
 (iii) Short note on Just In Time (JIT)
 (iv) Fixed Cost and Variable cost.
 (v) Uniform Costing.

Allocate or apportion the Overheads among the various Departments on suitable basis.