

INTRODUCTION TO COSTING

SYBMS - Sem 3 - 24.3.23
A.T.K.T Exam - Mar'2023



Time: 2½ 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) The purpose of Inventory control is ____
(a) To control flow of Materials (b) To control invention
(c) To maintain optimum level of inventory (d) None of these.
- (2) When the actual overheads is more than the absorbed. It is called as ____
(a) Over absorption (b) Under absorption (c) Capacity cost (d) None of these.
- (3) Interest on investment increases ____
(a) Costing profit (b) Financial Profit (c) Financial Loss (d) Costing Loss.
- (4) Factory Overheads are recovered as ____.
(a) % of direct wages (b) % of cost of production (c) % of sales (d) None of the above.
- (5) Variable cost change ____.
(a) With change in Fixed Cost (b) With change in selling price
(c) Proportionately with change of output (d) None of the above.
- (6) Indirect cost are known as ____
(a) Variable cost (b) Fixed cost (c) Overheads (d) None of these.
- (7) Labour Turnover is measured by ____
(a) Replacement Method (b) Separation Method (c) Flux Method (d) All of the above.
- (8) Deduction allowed as per Payment of wages Act include ____
(a) House Rent (b) Income Tax (c) PF Deduction (d) All the above
- (9) Under Perpetual Inventory System, stock is ascertained ____
(a) Periodically (b) continuously (c) At the end of the year (d) None of the above.
- (10) Payment to other parties is called as ____.
(a) Out of Pocket cost (b) Book cost (c) Future cost (d) Postponable cost.

(B) State whether TRUE/FALSE (Any SEVEN)

(7 Marks)

- (1) Carriage inward is an overheads.
- (2) Abnormal idle time wages are included in the cost of production.
- (3) The term "Allocation" and "Apportionment" have the same meaning in costing.
- (4) Financial Accounts give product wise breakup of profit and loss.
- (5) Cost accounting is a branch of Financial Accounting.
- (6) Stores Ledger is maintained in the cost accounting department.
- (7) Purchase Requisition Note is prepared by the Stores department.
- (8) Reconciliation of Cost and Financial accounts is necessary in case of non-integrated system of accounts.
- (9) Under/over absorption of overheads take place only when pre-determined rate of overheads is used.
- (10) Total cost = Prime cost + All Indirect cost.

Q 2) (A) A factory has 3 production departments (P1, P2 and P3) and 2 Service Departments (S1 and S2). The following overheads and other information are extracted for the Month of January 2012.

(15 Marks)

Expenses	Rs.
Rent	6,000
Repairs	3,600
Deprecation	2,700
Lighting	600
Supervision	9,000
Fire Insurance for Stock	3,000
ESI contribution	900
Power	5,400

Other Information's:

Particulars	P1	P2	P3	P4	P5
Area Sq.Ft.	400	300	270	150	80
Numbers of Workers	54	48	36	24	18
Wages	18,000	15,000	12,000	9,000	6,000
Value of Plant	72,000	54,000	48,000	6,000	
Stock Value	45,000	27,000	18,000		
Horse Power of Plant	600	400	300	150	50

OR

Q 2) (B) From the following, prepare a statement of Reconciliation and find out profit/ loss as per financial records.

(7 Marks)

Particulars	Rs.
Net Loss as per cost records	1,72,400
Works over heads under recovered in costing	3,120
Administrative overheads over recovered in costing	1,700
Depreciation in Financial a/c	11,200
Depreciation in Cost a/c	12,500
Interest received	8,750
Obsolescence loss in Financial a/c.	5,700
Provision for Income tax	40,300
Opening stock:-	
Financial Records	52,600
Cost records	54,000
Closing stock:-	
Financial Records	52,000
Cost records	49,600
Interest charged in cost account only	6,000
Preliminary expense written off	950

Q 2) (C) 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

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

Q 3) From the books of accounts of Viburaj Enterprise the following details have been extracted for the year ended 31st March 2011.

(15 Marks)

Particulars	Rs.
Corporate Manger's Salary	11,10,000
Rent of Plant	1,27,500
Sale of defective Raw Materials	8,500
Hire charges for special Equipment's	57,000
Office Rent	84,700
Purchase of Raw Materials	4,85,230
Carriage Inwards	24,325
Indirect Materials	2,35,600
Office Expenses	41,000
Insurance premium for stock of Raw Materials	22,600
Insurance premium for Computer	12,700
Insurance premium for Delivery Van	11,500
Opening stock of Raw Materials	78,175
Closing stock of Raw Materials	76,230
Sale of Factory scrap	16,800
Carriage outward	1,10,000
Depreciation on delivery van	28,000
Depreciation on Computer	87,300
Salaries to office staff	1,15,300
Salaries to Drawing and dressing department	1,85,700

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,

Q 5) (A) Enumerate the reasons for differences between Financial Profit and Cost Profits?

(8 Marks)

(B) Explain – cost classification based on nature of production or manufacturing process.

(7 Marks)

OR

Q 5) Write short.note (ANY 3)

(15 Marks)

- (a) Method of costing
- (b) Job Costing
- (c) Process Costing
- (d) Cost of Production
- (e) Material costing