S4BBE / Paper / Subject Code: 77910 / Cost Accounting / 106

Duration-2 ½ Hours **Marks-75**

Notes- 1) All questions are compulsory carry 15 marks each.
2) Suitable assumptions and working notes should form the part of your answer.
3) Figures to the right hand side indicate full marks.

1 A) Fill in the blanks (any 8): **(08)**

a) Salary to office staff is classified as ________ overheads.
b) Cost that changes with the level of output is called ________ cost.
c) Donations paid are recorded in ________ accounts only.
d) Interest on investment is recorded on the _______ side of Profit & Loss Account.
e) ________ standard is a past performance standard.
f) ________ selling price is the price at which it is planned to sell the products.
g) ________ in variable cost will increase the contribution.
h) If profit is Rs. 20000 and Profit volume ratio is 40%, then Margin of safety will be Rs. __________.
i) Carriage on purchase of materials is recorded in cost sheet under the head __________.
j) Insurance to warehouse is classified as ________ overheads.

B) Rewrite the statement and state whether they are true or false (any 7): **(07)**

a) A location, person for which costs may be ascertained and used for the purpose of cost control are called cost centres.
b) Sunk costs are historical costs.
c) A cost unit is a unit of a product, service or time in terms of which costs are expressed or ascertained.
d) Cost accounting and Financial Accounting are the same.
e) Non-cost items are not included in cost sheet.
f) Standard cost is a planned cost.
g) Standard cost helps to project financial statements
h) Sales Value Variance = Sales Price Variance + Sales Mix Variance.
i) Under Marginal Costing, fixed costs are considered in the valuation of closing stock.
j) Increase in selling price will increase Break even point.

2) A) Following figures are obtained from the Cost records for the year 2017:

Direct Materials Rs. 1200000, Wages Rs. 800000, Factory overheads Rs. 600000, Selling overheads Rs. 520000, Office overheads Rs. 780000 and Sales Rs. 5000000.

A work order has been executed for the year 2018 and following expenses have been incurred:

Materials Rs. 32000, Wages Rs. 20000. Assume that in 2018, Factory Overheads have gone up by 20%, Selling overheads have gone up by 5% and Office overheads have gone down by 10%.

Find the price at which the order is to be executed so as to earn same rate of profit on selling price as in 2017.

NOTE: Factory overheads is based on Wages and other overheads are based on Factory Cost. **(15)**

OR

B) Following details are obtained from the books of a manufacturing company:

Particulars	Cost Accounts (Rs.)	Financial Accounts (Rs.)
Opening stock: Materials Finished goods	 10000 18000	 15000 16000
Closing stock: Materials Finished goods	 12000 20000	 13000 17000
Wages	12000	10000
Factory expenses	6000	7000
Office expenses	5000	3500
Selling expenses	3000	1000
Purchase of materials	22000	26000
Preliminary expenses written off		1500
Dividend received		3000
Loss on sale of machine		2000
Sales	69000	69000

You are asked to prepare a Cost Sheet, Profit and Loss Account and a statement showing reconciliation of profits between both the set of books. **(15)**

3) A) Following information was obtained from the books of a company:

Particulars	Budgeted	Actual
Production (units)	15000	16000
Fixed Overheads (Rs.)	30000	30500
Working days	25	28
Hours	60000	61000

Compute: **(15)**

a) Fixed overheads Cost Variance
b) Fixed overheads Expenditure Variance
c) Fixed overheads Volume Variance
d) Fixed overheads Efficiency Variance
e) Fixed overheads Capacity variance
f) Fixed overheads Calendar variance

OR

B) Following data is available:

Budgeted sales: Product P 10000 units @ Rs. 5 p.u. and Product Q 7000 units @ Rs. 4p.u.

Actual sales: Product P 9000 units @ Rs. 6 p.u and Product Q 7500 units @ Rs. 5p.u.

Calculate: **(15)**

a) Sales Value Variance
b) Sales Price Variance
c) Sales Volume Variance
d) Sales Mix Variance
e) Sales Quantity/ sub- volume Variance

4) A) During the first half of accounting year ended 30th June, 2017, the company incurred fixed expenses of Rs. 180000 and made a Sales of Rs. 600000. Profit is 20% of Sales. During the second half of the accounting year the company made a loss of Rs. 40000.

Find out: **(15)**

a) Profit Volume Ratio for the first half and second half.
b) Break even point (in Rs.) for the second half.
c) Margin of Safety for the first half (in Rs.)
d) Also prepare Marginal cost statement for the full year.

OR

B) Following information of sales and cost for the last two years:

Year	Sales (Rs.)	Cost (Rs.)
2017	200000	120000
2016	120000	80000

Calculate: **(15)**

a) Profit Volume Ratio
b) Fixed cost
c) Break Even Point
d) Profit when sales are Rs. 70000
e) Sales to earn a profit of Rs. 10000

5) A) Budgetory control vs standard costing **(08)**

B) Give the classification of cost on the basis of behaviour (with examples) **(07)**

OR

C) Write short notes on (any 3): **(15)**

i) Opportunity cost and Incremental cost
ii) Utility of a cost sheet
iii) Advantages of standard costing
iv) Marginal cost and Marginal costing
v) Cost apportionment
