

TIME : 2 Hrs.

Q.1. From the following particulars you are required to prepare a monthly cost statement for the month of December 2009, for ABC Ltd.

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Element of Cost	Rs.	Rs.
<u>Opening Stock</u>		
Raw Material	1,00,000	
W.I.P.	40,000	
Finished Goods	5,22,000	6,62,000
Purchase of raw material		5,20,000
Discount on raw material		9,000
Penalty in delay in supply of Raw Material		5,000
Direct Expenses		4,00,000
Productive Wages		7,80,000
Unproductive Wages		52,000
<u>Salary:</u>		
Factory	1,60,000	
Office	1,22,000	2,82,000
Factory Repairs		35,000
Dividend		67,000
Income Tax		67,000
Advertising		18,000
Showroom Expenses		15,000
Audit Fees		20,000
Legal Expenses		12,000
Printing Stationery		16,000
Telephone Charges		26,000
<u>Depreciation:</u>		
Plant & Machinery	60,000	
Office Furniture	20,000	80,000
<u>Rent, Rates &amp; Taxes</u>		
Factory	10,000	
Office	9,000	
Showroom	11,000	30,000
<u>Commission to Agent</u>		
Purchase	20,000	
Sales	18,000	38,000
Discount on Sales		1,00,000
Royalties on Purchase		28,000
Cash discount on early payment		90,000
Sale of Office Furniture		7,000
Sale of Finished Goods		70,00,000
Sale of Factory Equipment		22,000
<u>Closing Stock:</u>		
Raw Material	1,20,000	
W.I.P.	50,000	
Finished Goods	1,50,000	3,20,000

**Q.1 From the following information Calculate :**

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1. Pay back period
2. Pay back profitability
3. Average rate of return

Particulars	Mode 1	Mode 2
Investment	50,00,000	75,00,000
Estimated life in years	10	10
Sales	1,00,00,000	2,00,00,000
Direct Material	40,00,000	60,00,000
Direct Labour	12,00,000	20,00,000
Overheads	16,00,000	24,00,000
Depreciation	5,00,000	7,50,000
Tax Rate	50%	50%

**Q.2 The following figures are related to a company manufacturing of product.**

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Year	Total Sales	Total Cost
2009	22,23,000	19,83,600
2010	24,51,000	21,43,200

Calculate:

1. The P/V Ratio
2. Fixed Cost
3. Break - even - point
4. Margin of safety for both the year
5. Variable cost for both the year
6. The sales required to earn the profit of Rs. 5,00,000
7. The profit made when the sales are Rs. 30,00,000
8. MOS at the profit of Rs. 4,50,000

**OR**

**Q.2 Following data available from the record of a manufacturing company.**

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**Standard (Per Unit)**

Material	6 Kg at Rs. 4 per kg.
Labour	4 hours at Rs. 4 per hour
Standard Production for the month	12000 units
Actual Material price per unit	12500 units
Actual Material price per unit	Rs. 4.50
Material consumed during the month	7800 Kg
Direct labour hours worked	48000 hours
Actual rate of wages per hour	Rs. 3.50

**Calculate:**

- b. Material price variance
- c. material usage variance
- d. Labour cost variance
- e. labour rate variance
- f. Labour efficiency variance

**Q.3 From the following budget data, forecast the cash position at the end of April, May & June.**

Month	Sales	Purchase	Wages	Misc. Exp.
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,00	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

**Additional Information:**

1. Sales - 20% realised in the month of sales at 2% discount. Balance realised equally in 2 subsequent month.
2. Purchase - These are paid in the month following the month of supply.
3. Misc. Exp. - Paid a month in arrears.
4. Rent - Rs. 1,000 p.m. paid quarterly in advance due in April.
5. Income Tax - 1st instalment of advance tax Rs. 25,000 due on or before 15th June.
6. Income from Investment Rs. 5,000 received quarterly April & July etc.
7. Cash in hand Rs. 5000 on 1/4/2009

**OR**

**Q.3 AB Ltd has furnishes the following estimation pertaining to product "A" at 80% of its normal capacity level for the three of quarter ending 31.3.2009.**

Sales	6,00,000
<u>Admn. Costs.:</u>	
Office Salaries	90,000
General Exp.	2% Sales
Depreciation	7,500
Rates & Taxes	8,750
<u>Selling Costs:</u>	
Salaries	8% of Sales
Travelling Expenses	2% of Sales
Sales office Expenses	1% of Sales
General Expenses	1% of Sales
<u>Distribution Costs:</u>	
Wages	15,000
Rent	1% Sales
Other Expenses	4% Sales

**Q.4 Explain the following concepts.**

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- a. Capital Budgeting
- b. Average Rate of Return
- c. Marginal Costing
- d. Budgetary Control
- e. Standard Costing

**OR**

**Q.4 Classify the following item & justify the same.**

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- a. Loose Tools
- b. Exhibition & Trade fare Expenses
- c. Royalty on Production
- d. Sales Commission
- e. Office Rent
- f. Depreciation on Delivery Van
- g. Direct Wages
- h. Oil grease in man manufacturing process
- I. Printing & stationery
- j. Market research expenses
- k. Foremen wages
- l. Carriage outwards
- m. Secondary packing materials
- n. Office rent
- o. Freight

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Particulars	Debit	Credit
Balance b/d		10000
By Cash	5000	
By Bank	3000	
By Debtors	1500	
By Creditors		2000
By Balance c/d		10000
Total	10000	10000