

Time : 2 & ½ Hours

Marks : 75

Instructions:

1. All questions are compulsory; subject to internal choice.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.
4. Graph paper will be provided on demand.

Q.1 Explain the following (any 3 out of 5) (15)

- A) Qualification of cost auditors
- B) Working capital
- C) Importance of cash flow statements
- D) Amortization
- E) Capital employed

Q.2 8M

A)

Year ended	Total sales (Rs.)	Total cost (Rs.)
31-3-2015	22,23,000	19,83,600
31-3-2016	24,51,000	21,43,200

Calculate :-

- a) P/V Ratio.
 - b) Fixed cost
 - c) Fixed cost to sales
 - d) BEP
 - e) MOS for 2015 & 2016
- B) Solve the following L.P.P by graphical method. 7M**
 Minimize $Z=3X+2Y$
 Subject to the constraints,
 $5x + y \geq 10$
 $X + y \geq 6$
 $X + 4y \geq 12$
 And $x, y \geq 0$

OR

Q.2] C) 8M

Fixed cost for a period	Rs.5,000
Variable cost per unit	Rs.10
Selling price per unit	Rs.20
Actuals units sold	750 units

Determine :-

- a) P/V Ratio
- b) Break even pont.
- c) Margin of safety sales in units and in rupees.
- d) Sales, if profit is Rs.15,000.

7M

D) Solve the following L.P.P by graphical method.

Maximise $Z=3X+2Y$

Subject to the constraints

Q.3

- A) Titwala manufacturing company submits the following information on 31st March, 2008. 8M

Particulars	Rs.
Sales for the year	2,75,000
Inventories at the beginning of the year were:	
Finished goods	7,000
Work-in-progress	4,000
Purchase of raw materials for the year	1,10,000
Raw material at the beginning of the year	3,000
Raw material at the end of the year	4,000
Direct labour	95,000
Factory overhead and 60% of direct labour	
Inventories at the end of the year were:	
Work-in-progress	6,000
Finished goods	4,000
Other expenses	
Selling expenses	10% of sales
Administrative expenses	8% of sales

- B) Explain the content of director reports? 7M

OR

- Q. 3] C) The following information is available from a manufacturing industry during the four months ended 31st march, 2004. 8M

Particulars	Details
Raw material consumed	Rs. 25,000
Direct labour	Rs. 20,000
Direct expenses	Rs. 15,000
Machine hour worked	800 Hours
Machine hour rate	Rs.25
Office on cost	30% work cost
Selling on cost	Rs. 5 per unit
Unit produced	1,000
Unit sold	800

Profit is 20% on sales. You are required to prepare a cost sheet in respect of the above showing:-1) The cost per unit. 2)The profit for the period

- D) Explain the content of Auditor reports? 7M

Q.4

- A) Pure water company wishes to set up a plant to produce bottled water. Based on the estimated annual sales of 40,000 bottles, cost studies produced the following estimates:- 8M

Particulars	Total annual costs	Percent of total annual
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Labour	90,000	70%
Overheads	80,000	64%
Administration	30,000	30%

The entire production will be sold by an agent who will receive a commission of 8% on the sale price. no portion of head office costs will be charged to the water bottling operations.

Required :

- Calculate the selling price per bottle to realize an estimated 10% profit on sale proceeds ,and
- Calculate the breakeven points in rupees sales on the assumption that the sale price is Rs.11 per bottle.

B) Classify the following items of cost on traceability to product (direct / indirect cost):- **7M**

- Carriage expenses on raw materials
- Advertisement expenses
- Office rent
- Workers wages
- Raw materials charges
- Depreciation on furniture
- Legal expenses

OR

Q.4] C) EXE LTD. and WYE LTD .sell the same type of product. The budgeted profit and loss accounts for the year shows the following:- **8M**

Particulars	EXE LTD (Rs)		WYE LTD (Rs)	
Sales	--	1,50,000	--	1,50,000
Less: variable cost	1,20,000	--	1,00,000	--
Fixed cost	15,000	1,35,000	35,000	1,35,000
Budgeted profit	--	15,000	--	15,000

Calculate the break even print for both companies. Which company is likely to earn greater profit if there is:-

(a) heavy demand and (b) poor demand for the product?

D) Classify the following items of cost on traceability to product (functional) :- **7M**

- Sales stationery expenses
- Salaries of administrative staff
- Heat and light
- Foremen's wages
- Office rent
- Factory watchman's wages
- Printing & stationery expenses

Q.5 Short note attempt (any three) :-

**15
m**

- Descriptive reports
- Convention of materiality
- Operating cash flows
- Top levels management
- Direct cost