



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S

Vidya Prabodhini College of Commerce, Education, Computer & Management
Vidyanagar, Alto-Parvari, Goa

SEMESTER END EXAMINATION – OCTOBER 2016 (Regular/Repeat)

Sub: Cost Accounting

Semester: I

M. Marks: 80

M. Time: 2 hours

- Instructions
- 1) Question No. 1 is compulsory
 - 2) Answer any **THREE** questions from Q.No. 2 to Q.No. 6
 - 3) Figures to the right indicates marks
 - 4) Give necessary working notes
 - 5) Answer each main question on a fresh page

Q.1 The following information has been extracted from Sachin manufacturing Ltd for the year ended 31st December 2015. You are required to prepare statement of cost from the following data: (20)

Particulars	₹	Particulars	₹
Opening Inventories		Depreciation on office building	3,200
Raw materials	40,000	Delivery van expenses	1,500
Work-In-Progress	50,000	Storekeeper wages	3,000
Finished goods	60,000	Stationary (Office)	800
Raw materials purchased	2,40,000	Baddebts	6,000
Salesman salary	12,000	Consumable stores	4,000
Carriage inward	2,800	Donations	20,000
Audit fees	400	Accounts manager salary	8,000
Freight paid on purchases	350	Rent for factory building	3,500
Indirect expenses	700	Transfer to sinking fund	30,000
Direct wages	40,500	Debt collection expenses	700
Plant and machinery	4,00,000	Director fees	1,100
Direct expenses	1,700	Closing Inventories	
Preliminary expenses	1,000	Raw materials	20,000
Lighting for factory	550	Work-In-Progress	30,000
Lighting for office	900	Finished goods	40,000
Income tax paid	5,000	Sales	4,70,000

Q.2 The following is a summary of the receipts and issue of materials in a factory during January 2015: (20)

January 1 st	Opening balance 500 units @ ₹ 25 per unit.
January 3 rd	Issued 70 units to production department.
January 4 th	Received from supplier 200 units @ ₹ 22 per unit.
January 8 th	Issued 100 units
January 10 th	Issued 80 units to production department
January 13 th	Received from supplier 240 units @ ₹ 20 per unit.
January 15 th	Issued 300 units
January 17 th	Received from supplier 220 units @ ₹ 28 per unit
January 19 th	Returned to stores 12 units @ ₹ 24 per unit
January 20 th	Stock verification report revealed a shortage of 8 units.

Prepare stores ledger account from the above information in LIFO method.

Q.3 From the following particulars of a component calculate, (20)

- a) Re-order Level, b) Minimum Level, c) Maximum Level,
d) Average stock Level e) Danger Level;

Average consumption	200 units
Normal Usage	1000 units per week
Minimum Usage	500 units per week
Maximum Usage	1500 units per week
Re-order Quantity	1600 units
Re-order Period	4 to 6 weeks
Maximum lead time for emergency purchases	2 weeks

Q. 4 a) A producer has estimated annual purchase requirements of 30,000 units of a material. Unit price of material is ₹ 50. Annual cost of carrying inventory is 20% of unit price. Ordering cost for placing an order is ₹ 60. Find out the Economic Order Quantity (EOQ) and number of orders to be placed in a year. (6)

b) From the following information Calculate: (14)

- i) Material Turnover Ratio and ii) Material Turnover in Days

	Material A	Material B
Opening stock	₹ 18,000	₹ 20,000
Closing stock	₹ 54,000	₹ 1,04,000
Materials purchased	₹ 22,000	₹ 12,000

Q.5 The particulars relating to 12000 kgs of a certain raw material purchased by a company during July were as follows:

(a) Lot prices quoted by supplier and accepted by the company for placing the purchase order:

Lot upto 10,000 kgs @ ₹ 22 per kg

Between 10,000- 15,000 kgs @ ₹ 20 per kg

Between 15,000 – 25,000 kgs @ ₹ 18 per kg

(b) Trade discount 20%

(c) Additional charge for containers @ ₹ 10 per drum of 25 kgs

(d) Credit allowed on return of containers @ ₹ 8 per drum

(e) Sales tax at 10% on raw material and 5% on drums

(f) Total freight paid by the purchaser ₹ 2400

(g) Insurance at 2.5% (on net invoice value) paid by the purchaser

(h) Stores overhead applied at 5% on total purchase cost of material

The entire quantity was received and issued to production. The containers are returned in due course. Draw up a suitable statement to show: (20)

(a) Total cost of materials purchased and

(b) Unit cost of materials issued to production.

Q.6 Write short notes on **ANY FOUR** of the following. (4x5=20)

a) Procedure for purchasing the materials.

b) Meaning and objectives of Cost Accounting.

c) First-In-First-Out method.

d) Ordering Cost of inventory.

e) Types of stores.

f) Activity based Costing.