

Note: Figures to the right indicate full marks of the question.

Q.1

- (a) What do you mean by Cost Accounting ? Discuss Advantages & Limitations of Cost Accounting ? (10)
 (b) Write notes on : Elements of Cost. (05)

OR

- Q.1 A firm manufactured and sold 1000 computers in the year 2015 and supplies following information: (15)

	Rs.
Cost of materials	160000
Direct wages	240000
Manufacturing charges	100000
Salary	120000
Rent	20000
General expenses	40000
Selling expenses	60000
Sales	800000

For the year 2016, it is estimated that:

- 1) The output and sales will be of 1200 computers.
 - 2) Price of material will rise by 20%.
 - 3) Wage rates will rise by 5%.
 - 4) Manufacturing charges will increase in proportion to the combined cost of materials and wages.
 - 5) Selling expenses per unit will remain unchanged.
 - 6) Other expenses will remain unaffected by rise in output.
- Prepare a statement showing the price at which computers would be sold so as to show a profit of 10% on the selling price.

- Q.2 Write notes on: (15)
- (i) Types of Materials
 - (ii) Economic Order Quantity
 - (iii) ABC Analysis

OR

- Q.2 A Company has 3 production departments A, B, C and two service departments X & Y. The following information are extracted from the records of the company for a particular given period: (15)

	Rs.
Rent and Rates	25000
Indirect wages	7500
General lighting	3000
Power	7500
Depreciation on machinery	50000
Sundries	50000

Additional data department wise:

	Total	A	B	C	X	Y
Direct wages	50000	15000	10000	15000	7500	2500
HP of machines used	150	60	30	50	10	-
Cost of machinery (Rs.)	1250000	300000	400000	500000	25000	25000
Production hours worked	-	6226	4028	4066	-	-
Floor space used	10000	2000	2500	3000	2000	500
Lighting points (Nos.)	60	10	15	20	10	5

Service Departments expenses allocation:

	A	B	C	X	Y
X	20%	30%	40%	-	10%
Y	40%	20%	30%	10%	-

You are required to Compute the overhead rate of production departments using Repeated distribution method.

- Q.3 Why it is necessary to reconcile the profits as shown by the cost and financial accounts ? Discuss various causes for such differences. (15)

OR

- Q.3 The following figures have been extracted from the financial accounts of a manufacturing firm: (15)

	Rs.
Direct Material Consumption	500000
Direct wages	300000
Factory overheads	160000
Administrative overheads	70000
Selling & Distribution overheads	96000
Bad Debts	8000
Preliminary expenses written off	4000
Legal charges	1000
Dividend received	10000
Interest received on deposits	2000
Sales (12,000 units)	1200000
Closing stocks:	
Finished Goods (400 units)	32000
Work-in-progress	24000

The cost accounts for the same period reveal that the direct material consumption was Rs. 560000. Factory overhead is recovered at 20% on prime cost. Administration overhead is recovered at Rs. 6 per unit of production. Selling and distribution overheads are recovered at Rs. 8 per unit sold.

Prepare Profit and Loss Accounts. Statement of Cost sheet and reconcile the profit as per two records.

- Q.4
 (a) Define Cost Audit. Discuss various objectives and types of Cost Audit. (10)
 (b) Differentiate Financial Audit and Cost Audit. (05)

OR

- Q.4 Write notes on: (15)
 (i) Appointment & Qualification of Cost Auditor
 (ii) Duties and Responsibilities of Cost Auditor

