Time: 2Hrs.	Cost Sheet & Reconciliation	Max.Marks:65

Q.1 A factory's normal capacity is 1,20,000 units per annum.
The estimated cost of production is as under:

Direct material	Rs.3.20 per unit
Direct labour	Rs.2 per unit subject to a minimum of Rs.12,000 per month
Indirect expenses	Fixed Rs.1,60,000 per annum
Variable	Rs.2 per unit
Semi- variable	Rs.60,000 per annum upto 50% capacity and an extra Rs.20,000 per annum for every 20% increase in capacity or part thereof.

Each unit yields scrap which is sold at 20 paise. In the year 2002, the factory worked at 50% capacity for the first three months but it was expected to work 80% capacity for the remaining nine months. During the first three months, the selling price per unit was Rs.12. What should be the price per unit for the remaining nine months to earn a total profit of Rs.2,60,000 in the whole year? {12}

Q.2 Cool – Wind Ltd. manufactures fans, which are sold at Rs.400 per piece. The cost of sale is composed of 40% of direct material, 30% of wages and 30% of overhead. An increase in material price by 25% and in wage rate by 10% is expected in the forthcoming year, as a result of which the profit at current selling price may dwindle by 39% of present gross profit.

With the above information, you are required to (a) prepare a statement showing current & future costs & profit at present selling price, and (b) determine the future selling price, if the rate of gross profit is to be increased to 50 %. {8}

Q.3 The books and records of Acme Manufacturers present the following data for the month of January, 1985:

Direct labour cost	Rs. 16,000	(125% of factory overhead)
Cost of goods available for sale	Rs. 56,000	

Inventory accounts showed the following opening and closing balances:

	January 1	January 31
Raw materials	Rs.8,000	Rs.8,600
Work-in-progress	6,000	12,000
Finished goods	14,000	18,000
Selling expenses		3,400
General and Administrative expenses		2,600
Sales for the month		75,000

You are required to prepare a cost sheet showing cost of goods manufactured and sold and profit earned. {10}

Q.4 S Ltd. has furnished you the following information from the financial books for the year ended 30th June, 20X1.

Profit and Loss Account
(for the year ended 30th June, 20X1)

	Rs.		Rs.
Opening Stock		Sales:	
400 units at Rs. 49 each	19,600	10,500 units	7,35,000
Materials consumed	2,54,400	Closing stock:	
Wages	1,50,000	500 units at Rs.50 each	25,000
Direct Expenses	10,000		
Gross profit c/d	3,26,000		
	7,60,000		7,60,000
Factory overheads	94,250	Gross profit b/d	3,26,000
Administration overheads	1,06,000	Interest	250
Selling expenses	55,000	Rent received	10,000
Bad debts	8,000		
Discount allowed	5,000		
Net profit	68,000		
	3,36,250		3,36,250

The cost sheet shows the cost of materials as Rs.24 per unit and the labour cost as Rs.15 per unit. The factory overheads are absorbed at 60% of labour cost and administration overheads at 20% of factory cost.

Selling expenses are charged at Rs. 6 per unit. The opening stock of finished goods is valued at Rs.45 per unit. You are required to prepare:
A statement showing profit as per cost accounts for the year ended 30th June, 20X1.

A statement showing the reconciliation of profit disclosed in cost accounts with the profit shown in financial accounts. {12}

Q.5 From the following figures prepare a reconciliation statement:

Net Profit as per costing records	Rs.1,75,000
Works overhead under recovered in costing	6,720
Administrative overhead recovered in excess	3,700
Depreciation charged in financial records	14,200
Depreciation recovered in costing	12,500
Interest received not included in costing	8,000
Obsolescence charged (loss) in financial records	5,700
Income- tax provided in financial books	40,300
Bank Interest credited in financial books	750
Stores adjustment (credit) in financial books	475
Value of opening stock in : cost accounts	52,600
Financial accounts	54,000
Value of closing stock in: cost accounts	52,000
Financial accounts	49,600
Interest charged in cost accounts but not in financial accounts	6,000
Preliminary expenses written off in financial accounts	800
Provision for doubtful debts in financial accounts	150

{8}

Q.6 The cost profile of a company, manufacturing only one product is as under:

Direct material	Rs. 5.60
Direct Labour	2.50
Variable factory overhead	0.40
	8.50

Fixed factory overhead is budgeted at Rs.3,30,000 for an annual sales of 4,00,000 units.
Selling, Distribution and Administration costs are budgeted at Rs.1,80,000.
Capital employed is Rs.4,50,000 in fixed assets and 50% of sales in current assets.
Determine a selling price for the product to yield a 30% return on capital employed. {8}

Q.7 From the books of accounts of M/s Aryan Enterprises, the following details have been extracted for the year ending March 31, 1994:

	Rs.
Stock of Materials – Opening	1,88,000
- Closing	2,00,000
Materials Purchased during the year	8,32,000
Direct Wages Paid	2,38,400
Indirect Wages	16,000
Salaries to administrative Staff	40,000
Freights – Inward	32,000
Freights – Outward	20,000
Cash Discounts Allowed	14,000
Bad Debts Written off	18,800
Repairs to Plant & Machinery	42,400
Rent, Rates & Taxes – Factory	12,000
Rent, Rates and Taxes – Office	6,400
Travelling Expenses	12,400
Salesmen's Salaries and Commission	33,600
Depreciation Written Off – Plant & Machinery	28,400
Depreciation Written Off – Furniture	2,400
Director's Fees	24,000
Fuel (for boiler)	48,000
Electricity Charges	64,000
General Charges	24,800
Manager's Salary	48,000

The Manager's time is shared between the factory and the office in the ratio of 20 : 80.
Material costing Rs.8,000 was destroyed in fire which could realize only 10% as scrap.
10% of finished production is scrap & realizable value is only 25% of concerned cost.
From the above details you are required to prepare Cost Sheet. {7}