

- N. B. : (1) Answer any five questions. ~~Q1~~ ~~Q2~~ ~~Q3~~ ~~Q4~~ ~~Q5~~ ~~Q6~~ ~~Q7~~ ~~Q8~~ ~~Q9~~ ~~Q10~~ COST Concept 08  
 (2) All questions carry 20 marks each.  
 (3) Working notes and assumptions wherever necessary should be specified.

08  
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1. (a) A Z Industries produces a product after passing through three processes. 20  
 Details for Jan 2008 is :—

Costs	A Rs.	M Rs.	Z Rs.
Opening Stock	5,000	8,000	10,000
Material	40,000	12,000	15,000
Wages	35,000	40,000	35,000
Factory Overheads	20,000	24,000	25,000
Closing Stock	10,000	4,000	15,000
Profit as a % of Factory cost Added	33 1/3%	25%	10%

(b) Stock of finished Goods—Opening Rs. 20,000  
 Closing Rs. 30,000

(c) Process Profit for Opening Stock  
 A - Nil - B Rs. 1395 - C - Rs. - 2690  
 and finished goods Rs. 6534

(d) Total sales is Rs. 4,00,000

Prepare Process Accounts, Finished Stock Account and Statement of Realised Profit.

2. Alpha and Beeta are competing companies. Their Revenue Statement for 2007 are— 20

	Alpha	Beeta
Sales Rs.	4,00,000	8,00,000
Variable Cost	2,00,000	6,00,000
Fixed Cost	1,00,000	1,00,000
Profit	1,00,000	1,00,000

You are required to compute for each company.

- (i) P. V. Ratio
- (ii) Break Even Point
- (iii) Margin of Safety
- (iv) Profits in rising Demand
- (v) Profits in falling Demand.

3. Gamma Ltd. follows standard costing system : The Standard costs for — 20  
 Rs.

Material M — 5 kg @ Rs. 2/-	10.00
Wages — 5 Hrs @ Rs. 6	30.00
Variable Overhead	10.00
Fixed Overhead (Total Cost Rs. 60,000)	10.00
	<u>60.00</u>

During February, 2008 actual production was 5,800 units Actual Costs incurred.

M — 27500 units @ Rs. 2.20	60,500
Wages 30000 Hours @ Rs. 6.20	1,86,000
Variable Overhead	60,000
Fixed Overheads	62,000
Total	<u>3,68,500</u>

Calculate cost variances in as much detail as possible.

Calculate cost variance in as much detail as possible