

Total marks 30

Overall attempt is not good and needs to improve. You need to work on basic concepts of process, joint costing. You do more practice and avoid the mistakes and read the question carefully. Always set the time for doing a particular question. This will help in improving your speed. Focus on your problem areas. Your main focus should be the concepts which you find difficult and the questions with different points but don't forget to revise the basic concepts.

I) Computation of Total cost per machine for 6 months period

Particulars	Amount(₹)
Operators' wages $(7,380/8 \times 200)$	1,84,500
Production bonus (10% on wages)	18,450
Production Bonus (10% of wages)	
Power Consumed	80,500
Repair and maintenance $\{(5\% \times 64,00,000)/2\}$	1,60,000
Supervision and Indirect Labour	33,000
Lighting and Electricity	12,000
Insurance $(7,20,000/2)$	3,60,000
Sundry works Expenses $(1,00,000/2)$	50,000
Management Expense $(10,00,000/2)$	5,00,000
Depreciation $(64,00,000/4 \times 10\% \times 6/12)$	40,000
Depreciation $\{(64,00,000 \times 10\%)/2\}$	3,20,000
Repairs and Maintenance $(64,00,000/4 \times 5\%)$	29,000
Total Cost	

Total Overheads for 6 months 17,18,450

Comprehensive Machine Hour Rate = $17,18,450/7,200$ hours = 238.67

You are failed to solve the required parts of the question

this is important Q from exam point of view

Solution S(6)

marks 3

I) Statement of cost per unit using Traditional Costing System

Particulars	A	B	C	D
Direct Material per unit	140	90	180	150
Direct Labour per hour	60	180	120	90
	$[1 \times 60]$	$[3 \times 60]$	$[2 \times 60]$	$[1.5 \times 60]$
Overheads	840	560	1680	1120
	$[3 \times 280]$	$[2 \times 280]$	$[6 \times 280]$	$[4 \times 280]$
Total cost per unit	1040	830	1980	1360

II) Statement of cost per unit using Activity Based Costing

Particulars	A	B	C	D
Units Produced	1500	2500	10,000	6000
Direct Material	210,000	225,000	1,80,000	9,00,000
	$[1500 \times 140]$	$[2500 \times 90]$	$[10,000 \times 18]$	$[6000 \times 150]$
Direct Labour	90,000	4,50,000	12,00,000	5,40,000
	$[1500 \times 60]$	$[2500 \times 180]$	$[10,000 \times 120]$	$[6000 \times 90]$
Overheads				
Set-up Cost	3,205.71	1,100.714	19,234.26	12,822.84
	$[3205.71 \times 100]$	$[3205.71 \times 125]$	$[3205.71 \times 600]$	$[3205.71 \times 400]$
Inspection Cost	3,92,700	4,10,875	17,67,150	12,86,275
	$[1963.50 \times 200]$	$[1963.50 \times 250]$	$[1963.50 \times 900]$	$[1963.50 \times 650]$
Machinery Cost	10,47,203	6,99,135	20,94,406	13,96,270
	$[1246.67 \times 840]$	$[1246.67 \times 560]$	$[1246.67 \times 1680]$	$[1246.67 \times 1120]$
Material Handling Cost	8,92,500	11,90,000	59,50,000	59,57,500
	$[59500 \times 15]$	$[59500 \times 20]$	$[59500 \times 100]$	$[59500 \times 85]$
Total Cost	29,52,914	34,54,724	1,31,14,182	1,54,52,829
Cost per unit	1969	1382	1311	1742

Carefully read and understand the question before attempting**due to one wrong element, entire calculation goes wrong****these are scoring topics**

steps are accurate but setup cost wrongly considered

WIV-1 - Calculation of Total Production Overhead

$$(1500 \times 840) + (2500 \times 560) + (10,000 \times 1680) + (6000 \times 1120) = 22,61,80,000$$

WIV-2 - Calculation of Cost Driver

question is not clear

Particulars	Overhead	Cost Driver	No. of Cost Driver	Rate
Set ups 91,63,000 15%	39,27,000	No. of Setups	1225	3205.71
Inspections 91,63,000 15%	39,27,000	No. of Inspections	2000	1963.50
for Machinery 52,36,000 20%	52,36,000	Machine Hours	4200	1246.67
Material Handling 26,18,000 10%	13,09,000	No. of Material Movements	220	59500.00
Cost				
	100%			2,61,80,000

condition on cost drivers is ignored

marks 2

Solution 6(a)

answer completely

especially in short questions

- Hospital - No. of patient days per bed

- Electricity - Horsepower

Kilowatt- hour (kWh)

- Cinema - No. of person

Per ticket

- Canteen - Number of customers per seat

Per item, per meal etc.

- Hotels - No. of customers per room

marks 3

Solution 6(b)

Expenses which are included only in Financial Accounts

- Interest on Loan / Debentures / Borrowing, etc.

Other capital losses i.e., loss by fire not covered by insurance etc.

Losses on the sales of fixed assets and investments

Premium paid on redemption of preference shares

- Investment in shares / Debentures / Bonds

here you miss the catch point

- Donations to charitable Trust

- Tax paid (not eligible for claiming ITC)

vi) Expenses of the company's share transfer office, if any.

marks 4

Solution 6(d)

Number of tests

- Inspection and Testing cost - Number of Inspections

- Setting up machines cost - Number of Setups

include accurate keywords

- Machine cost - Production Overhead per unit

Machine hours

- Supervising cost - Hours dedicated for supervision

- Ordering and Receiving Material cost - Number of orders / materials received

Solution 6(e)

marks 4

- Trade Discount

→ Trade Discount is the reduction ~~given~~ in cost price of material to purchaser by supplier for encouragement of taking bulk orders, which is ~~normal~~ in nature.

→ Trade Discount is actually deducted from cost of material.

- Cash Discount

→ Cash Discount is the additional reduction ^{given} in cost price of material after trade discount, which is specific in nature.

conceptually incorrect

→ Cash Discount is also deducted from cost of material but after Trade Discount.

Cash Discount Cash discount is not deducted from the purchase price. It is treated as interest and finance charges. It is ignored.

• Penalty

→ Penalty is amount paid in nature of punishment for breaking any rule or law.

• Penalty is not included in cost of material.

• Insurance Charges **highlight keywords**

→ Insurance charges is amount paid from in order to protecting from loss by fire, theft, etc.

→ Insurance charges are included in cost of material under

• Commission paid

→ Commission is the amount paid to Salesman in order to boost the sales of product.

→ Commission paid is included in cost of product under Selling and Distribution overheads.

no marks

accurate format is missing

I]

Statement of net wages receivable of each employee for October 2022

Particulars	Ram	Shyam	Mohan	Rundan
Wages for October 2022 3,000 (100 x 30 days) 3,600 (120 x 30 days) 3,900 (130 x 30 days) 2,500	2,400 $(100 \times 6) \times 4$	2,880 $(120 \times 6) \times 4$	3,120 $(130 \times 6) \times 4$	2,500 $(2500 \times 7) \times 4$
Less: Employee Contribution to PF @ 8%	240			
Less: Employee Contribution to ESI @ 4%	120	(230)	(250)	(200)
Less: Provident Fund Contribution [8%]	288			
Less: ESI Contribution [5%]	312	(115)	(125)	(100)
Net Wages Receivable	2,112	2,535	2,745	2,200
Net Wages Receivable	2,640	3,168	3,432	2,200

II]

Statement of Total Amount of Provident Fund to be deposited by employer for October 2022

Particulars	Amount [₹]
Provident Fund of Ram [8%]	192
Provident Fund of Shyam [8%]	230
Provident Fund of Mohan [8%]	250
Provident Fund of Rundan [8%]	200
Total	872

Total Wages for the month 13,000
 Employer's Contribution to Provident Fund @ 8% of 13,000
 Add: Employee's Contribution to Provident Fund @ 8% of 13,000
 1,040
 1,040
 Total amount of Provident Fund required to be deposited by employer 2,080

III]

Statement of total amount of ESI to be deposited by employer for October 2022

Particulars	Amount [₹]
ESI of Ram [5%]	120
ESI of Shyam [5%]	144
ESI of Mohan [5%]	156
ESI of Rundan [5%]	125
Total	545

Total Wages for the month 13,000
 Employer's Contribution to ESI @ 5% of 13,000
 Add: Employee's Contribution to ESI @ 4% of 13,000
 650
 520
 Total amount of ESI required to be deposited by employer 1,170

%ages are wrongly considered in total part,
 read point 4 of the question carefully

Total Material Cost

Total Labour Cost

Total Overheads (Equal to Labour Cost)

20,000

14,690

14,690

Total Cost 49,380

IV

Statement of Labour cost to employer for October 2022

Particulars

Amount [₹]

Total Labour cost towards Provident Fund

872

Total Labour cost towards ESI

545

Total Labour cost to employer

1417

V

Statement of Total cost for October 2022

Before answering any question you need to make a rough solution in your mind and then go accordingly. No need to make hurry in practical papers as one mistake may spoil your entire efforts.

Particulars

Amount [₹]

Amount [₹]

→ Provident Fund

2400

~~2400~~

→ ESI

192

~~192~~

Shyam

→ Basic Wages

2880

→ Provident Fund

230

→ ESI

144

~~144~~

3254

Mohan

→ Basic Wages

3120

→ Provident Fund

250

→ ESI

156

~~156~~

3526

Irandan

→ Basic Wages

2500

→ Provident Fund

200

→ ESI

125

~~125~~

2825

Total Cost

32317

Solution 4(6)

marks 2

I) Statement of Flexible Budget

Particulars

Sales [£1750 ^{per unit} unit]

Less: Variable Cost

Direct Materials [£650 per unit]

Direct Wages [£325 per unit]

Direct Expense [£125 per unit]

Variable Overheads [£50 per unit]

Total Variable cost

Variable Selling and Distribution Overheads [£25 x 80%]

Contribution

Less: Contribution Cost

Fixed costs:

Production overheads

Administrative overheads

Selling and distribution overheads

Total Fixed cost

Profit

Fixed Production Overheads [£25]

Fixed Selling and Distribution Overheads [£25 x 20%]

Administrative Expense [£60]

Profit

Profit

At 60,000

At 75,000

units

units

10,50,00,000

13,12,50,000

37,00,000

4,87,50,000

1,95,00,000

2,43,75,000

75,00,000

9,37,50,000

30,00,000

8,75,00,000

7,02,00,000

8,77,50,000

12,00,000

15,00,000

6,99,00,000

4,35,00,000

3,48,00,000

4,35,00,000

15,00,000

14,75,000

3,00,000

3,75,000

36,00,000

45,00,000

6,45,00,000

3,67,50,000

II) Calculation of Profit Volume Ratio

Carefully read and understand the question before attempting

→ At 60,000 units

sales wrongly taken

$$P/V \text{ Ratio} = \frac{6,99,00,000}{10,50,00,000} \times 100 = 66.57\%$$

$$P/V \text{ Ratio} = \left(\frac{3,48,00,000}{10,50,00,000} \right) \times 100 = 33.143\%$$

→ At 75,000 units

$$P/V \text{ Ratio} = \frac{4,35,00,000}{13,12,50,000} \times 100 = 33.14\%$$

$$P/V \text{ Ratio} = \left(\frac{4,35,00,000}{13,12,50,000} \right) \times 100 = 33.143\%$$

Solution 1 (a)

marks 5

I] Statement of Total Cost of three proposals and their Ranking

Particulars	Plan A	Plan B	Plan C
Petrol [₹7.20 per km]	1,44,000	1,44,000	1,44,000
Tyre [₹0.144 per km]	2,880	-	2,880
Taxes [₹960 per car per annum]	960	-	960
Repairs and Maintenance [₹0.24 per km]	4,800	-	-
Insurance [₹1440 per car per annum]	1,440	1,440	-
Depreciation [$\frac{7,20,000 - 96,000}{5}$]	1,24,800	-	-
Miscellaneous Expenses [₹12 per km]	-	2,40,000	-
Hire Charges	-	-	2,16,000
Total Cost	2,76,880	2,41,440	3,63,840
Total Cost			
Cost Per km [20,000 km]	13.844	12.072	18.192
Ranking	II	I	III

short conclusion is missing

analysis is important

Solution 1 (b)

no marks

I]

Process A/c

Particulars	Units	Amount	Particulars	Units	Amount
To Materials	1000	9200	By Wastage [5%]	50	-
To Labour	-	8200	By Product X [Main]	600	18,564
To Overhead	-	12000	By Product Y [By Product]	150	4,641
			By Product Z [By Product]	200	6,195
					29,400

The value of the contract would be increased by 25% of the price increased beyond 5%.

Price increased beyond 5% = $(3,62,500 - 2,90,000) - 5\%$ of $2,90,000$

= ₹72,500 - ₹14,500 = ₹58,000

Value of contract would be increased by 25% of ₹58,000 = ₹14,500

Therefore, the revised contract value = ₹14,50,000 + ₹14,500 = ₹14,64,500

Calculation of the Value of work certified after taking the effect of escalation clause:

= Revised contract value × Percentage of work certified

= ₹14,64,500 × 40% = ₹5,85,800

Cost per unit = $\frac{9200 + 8200 + 12000}{950}$ = ₹30.99

read question carefully

Solution 1(c)

$$\text{Value of work certified} = 5,80,000 + 25\% = 7,25,000$$

Solution 1(d)

I) Economic Order Quantity (EOQ)

marks 2

$$EOQ = \sqrt{\frac{2AO}{C}} \text{ where,}$$

$$A = 50,000 \times 12 = 6,00,000 \text{ lgs}$$

$$O = ₹375 \text{ per order}$$

$$C = 12\% \text{ of } 150 = ₹18 \text{ per order annum}$$

$$EOQ = \sqrt{\frac{2 \times 6,00,000 \times 375}{18}} = 5000 \text{ lgs}$$

II) Maximum Stock Level

incomplete !!!!!!!

$$ROL + ROQ - [\text{Avg cons} \times \text{Avg-Lead Time}]$$

start answering from point 5 of the question

no marks

Solution 3(6)

I) Statement of Equivalent Production

Statement of Equivalent Production		Litres	Output	Quantity	
Particulars	Input	Particulars	Amount		Conversion
Opening WIP				Material	
				%	%
		Abnormal Loss		8,000	
		(Bal. fig.) 8,000			
Opening WIP	12000	Opening WIP	100%	12000	50%
Machinist Introduced	60000	Worker Completed	100%	40000	100%
Abnormal Gain	4000	Closing WIP	100%	15000	90%
		Normal Loss	100%	9000	100%
	76000		76000	76000	67000
		72,000		63,000	60,000

① Statement of cost per unit

abnormal loss part need to practice again

Particulars	Production	Unit
Cost per liter of Material	9,45,000	12.43
Cost per liter of Conversion cost	7,75,000	14.55
Cost per litre	67000	26.98

Solution 3(6)

marks 5

Statement of Cost Sheet

Particulars

Per unit(?)

Amount(?)

Amount(?)

Materials Consumed

Opening Stock of Raw Materials

5,00,000

Add: Purchases (balancing figure)

20,50,000

(+ Purchase of Raw Materials

41,50,000

19,20,000

(- Closing Stock of Raw Materials

conceptually wrong

(6,30,000)

10,20,000

Direct Labour

Prime Cost

10,50,000

Read question twice before putting the values.

Add: Factory Overheads

6,00,000

Works Cost (Gross)

35,70,000

Add: Opening Stock of WIP

6,00,000

Less: Closing Stock of WIP

(6,00,000)

Cost of Net Works Cost

33,70,000

Add: Administrative Overheads

1,50,000

Cost of Production

35,20,000

Cost of Goods available for sale

45,00,000

Less: Closing Stock of finished goods

10,50,000

Less: Closing Stock of Finished Goods

(10,50,000)

Cost of Goods Sold

6900

6900

34,50,000

Add: Selling Overheads

500

500

2,50,000

Cost of Sales

37,00,000

Add: Profit

13,00,000

Sales

50,00,000

Profit % = 26%