TEST - 1

TIME ALLOWED : 50 MINUTES	17-2-2019	TOTAL MARKS = 30 MARKS

Topic: - Operating Costing and Basic Theory

Q.1: What are the advantages of study of cost and management accounting? **(5 Marks)**

Q.2: A Mineral is transported from two mines – 'A' and 'B' and unloaded at plots in a Railway Station. Mine A is at a distance of 10 kilometers and B is at a distance of 15 kilometers from rail head plots. A fleet of lorries of 5 tonne carrying capacity is used for the transport of mineral from the mines. Records reveal that the lorries average a speed of 30 kilometers per hour, when running and regularly take 10 minutes to unload at the railhead. At mine 'A' loading time averages 30 minutes per load while at mine 'B' loading time averages 20 minutes per load.

Drivers' wages, depreciation, insurance and taxes are found cost ₹ 9 per hour operated. Fuel, oil, types, repairs and maintenance cost ₹1.20 per km.

Required : - Draw up a statement, showing the cost per tone-kilometer of carrying mineral from each mine. **(5 Marks)**

Q.3: A company runs a holiday home. For this purpose, it has hired a building at a rent of ₹ 10,000 per month alongwith 5% of total takings. It has three types of suites for its customers, viz., single room, double rooms and triple rooms. Following **information** is given:-

Types of suite	Single Room	Double Room	Triple Room
Number	100	50	30
Occupancy percentage	100%	80%	60%

The rent of double room's suites is to be fixed at 2.5 times of the single room suite and that of triple rooms suite as twice of the double rooms suites. The **other expenses** for the year 2014 are as follows:

Staff salaries - ₹ 14,25,000	Laundry charges - ₹ 80,500
Room attendants' wages - ₹ 4,50,000	Interior decoration - ₹ 74,000
Lighting, heating and power - ₹ 2,15,000	Sundries - ₹ 1,53,000
Repairs and renovation - ₹ 1,23,500	

Provided profit @ 20% on total taking and assume 360 days in a year. You are required to calculate the rent be charged for each type of suite **(10 Marks)**

Q.4: A transport company has a fleet of three trucks of 10 tonnes capacity each plying in different directions for transport of customer's goods. The truck runs loaded with goods and return empty. The distance travelled, number of trips made and the load carried per day by each truck are as under:-

Truck No.	One way distance (kms)	Round trips per day	Load carried per trip (tonnes)
1	16	4	6
2	40	2	9
3	30	3	8

The analysis of maintenance cost and total distance travelled during last two years is as under:-

Year	Kilometers	Maintenance
1	1,60,200	₹ 46,050
2	1,56,700	₹ 45,175

The following are the details of expenses for the year under review:-

Diesel - ₹10 per litre, each litre gives 4 kms. per litre of diesel	Purchase price per truck - ₹ 3,00,000, life is 10 years and scrap value at the end of its life is ₹ 10,000
Driver's salary - ₹ 2,000 per month	Oil and sundries - ₹ 25 per 10 kms
Licence fee - ₹ 5,000 per annum per truck	General overheads - ₹10,084 per annum for all the three trucks
Insurance - ₹ 5,000 per annum for all the three trucks	

The vehicle operates 24 days per month on an average. You are **required** to: -

1. Prepare an annual cost statement covering the fleet of 3 trucks.
2. Calculate cost per km.
3. Determine the freight rate per tonne - km to yield a profit of 10% on freight.

(10 Marks)