TEST - 2		
TIME ALLOWED : 50 MINUTES	3-3-2019	TOTAL MARKS = 30 MARKS

Topic: - Unit Costing and Reconciliation

Q.1: Explain Quality Control Cost and its types. **(5 Marks)**

Q.2: A manufacturing company disclosed a net loss of ₹ 3,47,000 as per their cost accounts for the year ended March 31, 2018. The financial accounts disclosed a net loss of ₹ 5,10,000 for the same period. The following information was received as a result of scrutiny of the figures of both the sets of accounts:

Particulars	Particulars
Factory overheads under – absorbed - ₹ 40,000	Interest on investments not included in cost accounts - ₹ 96,000
Administration overheads over – absorbed - ₹ 60,000	
Depreciation charged in financial accounts - ₹ 3,25,000	Income tax provided - ₹ 54,000
Depreciation charged in cost accounts - ₹ 2,75,000	Interest on loan funds in financial accounts - ₹ 2,45,000
Transfer fees (credit in financial books) - ₹ 24,000	
Stores adjustments (credit in financial accounts) - ₹ 14,000	Dividend received - ₹ 32,000

Prepare a Memorandum Reconciliation Accounts. **(5 Marks)**

Q.3: ML Auto Limited is a Manufacturer of auto components and the details of its expenses for the year 2014 are given below: -

Opening Stock of Material - ₹ 1,50,000	Direct Labour - ₹ 9,50,000
Closing Stock of Material - ₹ 2,00,000	Factory Overhead - ₹ 3,80,000
Purchase of Material - ₹ 18,50,000	Administrative Overhead - ₹ 2,50,400(Production)

During 2015, the Company has received an order from a Car Manufacturer where it estimates that the Cost of Material and Labour will be ₹ 8,00,000 and ₹ 4,50,000 respectively. ML Auto Ltd charges Factory Overhead as a Percentage of Direct Labour and Administrative Overhead as a Percentage of Factory Cost based on previous year's cost. Cost of Delivery of the components at Customer's Premises is estimated at ₹ 45,000. You are **required** to –

(i) Calculate the Overhead Recovery Rates based on Actual Costs for 2014.

(ii) Prepare a detailed Cost Statement for the order received in 2015 and the price to be quoted if the Company wants to earn a Profit of 10% on Sales.

(10 Marks)

Q.4: A manufacturing company has an installed capacity of 1,50,000 units per annum. Its cost structure is given below : -

Particulars	Amount (₹)
Variable cost per unit - Materials	10
- Labour (subject to a minimum ₹ 1,00,000 per month)	10
- Overheads	4
Fixed overhead per annum	1,92,300
Semi - variable overheads per annum at 75% capacity (it will increase by ₹ 4,000 per annum for increase of every 5% of the capacity utilization or any part thereof)	60,000

The capacity utilization for the next year is budgeted at 75% for the first three months, 80% for the next six months and 90% for the remaining three months. You are **required** to calculate the selling price per unit for the next year, if the company is planning to have a profit of 20% on the selling price.

(10 Marks)