

CMA	CA R. K. Mehta
Test - 2	
Time Allowed : 50 min.	December 16, 2018
Total Marks: 30 Marks	

Q.1: Explain "Packing of Goods" and Its Treatment in preparation of cost sheet. (5 Marks)

Q.2: The accounts of a radio manufacturing company disclosed the following information for the year ending 31st December:

Materials used - ₹ 50,000	Works overhead expenses - ₹ 8,000
Productive wages - ₹ 40,000	Office overhead expenses - ₹ 4,900

Prepare cost sheet for the year ending 31st December and also calculate the price which the company should quote for the manufacture of a radio in early next year requiring materials valued at ₹ 250 and wages of ₹ 150, so that the price may yield a profit of 20% on the cost. The factory overheads are absorbed on direct wages and office overheads are absorbed on works cost. (5 Marks)

Q.3: The following information relating to a company for the half-year ending 31st December 2018 is supplied to you.

	Stock of (31 st December, 2018)
Purchase of raw material - ₹ 1,20,000	Raw materials - ₹ 22,240
Rent, rates, Insurance of factory - ₹ 40,000	Finished product (2,000 tons) - ₹ 32,000
Direct wages - ₹ 1,00,000	Work-in-progress (1 st July, 2015) - ₹ 4,800
Carriage inwards - ₹ 1,440	Work-in-progress (31 st Dec. 2015) - ₹ 16,000
Stock (1st July, 2018)	Sales of goods (15,000 tons) - ₹ 3,00,000
Raw materials - ₹ 20,000	Cost of factory supervision - ₹ 8,000
Finished product (1,000 tons) - ₹ 16,000	

The advertising and selling costs are ₹ 1 per ton sold. 16,000 tons of the commodity 'A' were produced during the period. You are **required** to:

1. Prepare statement showing cost of production
2. Prepare statement showing profit on quantity sold. (10 Marks)

Q.4: The data is available in the financial accounts of a manufacturing company for the year ending 31-03-2018:

Particulars	Particulars
Direct material consumption - ₹ 3,55,000	Donation and charity - ₹ 20,000
Direct wages - ₹ 3,60,000	Preliminary expenses (written off) - ₹ 20,000
Manufacturing expenses - ₹ 2,45,000	Provision for income tax - ₹ 75,000
Production related admn. expenses - ₹ 2,40,000	Interest received on deposits - ₹ 25,000
Selling & distribution expenses - ₹ 2,00,000	Sales (1,80,000 units) - ₹ 16,20,000
Interest on debentures - ₹ 48,000	Closing stock of finished goods (30,000 units) - ₹ 1,50,000

The cost accounts reveals:-

- (a) Manufacturing overheads recovered at 80% on direct wages.
- (b) Office and administrative overheads at 25% on factory cost.
- (c) Selling and distribution overheads at ₹ 1 per unit.
- (d) Closing stock of finished goods valued at cost of production.

You are **required** to:-

1. Prepare Profit and Loss Account showing net profit in financial accounts.
2. Prepare a statement showing profit in the cost accounts.
3. Prepare a statement reconciling the profits disclosed as per above (1) and (2). (10 Marks)