

CA Nitin Guru

Subject- **Cost and Management Accounting- By CA NITIN GURU**

Mock Test – 6

Cost Sheet; Cost Accounting System; Reconciliation of Cost & Financial Statements;
Unit, Job & Batch Costing

Time: 1 Hour

M.M. – 30 Marks

Instructions-

1. This is a self paced test series, where you can do the test anytime after you complete your chapter and attempt the test and email it to us for checking or self evaluate with help of the solution set provided. For video solutions and test paper to be checked please email us at email id provided below.
2. Answer Sheet is in a single pdf format.
3. First Sheet contains all the information- Name, Registered Email id, Registered Mobile No., Test Number with Subject, website name through which you are watching our class.
4. NO answer sheet will be accepted over a chat box or telegram or any other mode other than email.
5. Test solutions should be emailed to test.canitinguru@gmail.com
6. Please give us at least 10 working days time to check and send back your test copy.
7. Sir, will record test paper discussion video as well, which you can watch and clarify your doubts if you have any. Solution videos will be available on youtube and please join our telegram channel [@canitinguru](https://t.me/canitinguru) to be updated with any announcement about test discussion.

Question 1.

[10 Marks]

A factory can produce 1,80,000 units per annum at its 60% capacity. The estimated costs of production are as under:

Direct material Rs 50 per unit

Direct employee cost Rs 16 per unit

Indirect Expenses:

- Fixed Rs 32,50,000 per annum
- Variable Rs 10 per unit
- Semi – variable Rs 40,000 per month up to 50% capacity and Rs 15,000 for every 20% increase in the capacity or part thereof.

If production program of the factory is as indicated below and the management desires to ensure a profit of Rs 10,00,000 for the year, DETERMINE the average selling price at which each unit should be quoted:

First three months of the year- 50% of capacity;

Remaining nine months of the year- 75% of capacity.

Question 2.

[10 Marks]

R Ltd. shows a Net profit of Rs. 3,60,740 as per their cost accounts for the year ended 31st March, 2021. The following information was revealed as a result of scrutiny of the figures from the both sets of accounts:

Sr. No.	Particulars	(Rs)
i	Over recovery of selling overheads in cost accounts	10,250
ii	Over valuation of closing stock in cost accounts	7,300
iii	Rent received credited in financial accounts	5,450
iv	Bad debts provided in financial accounts	3,250
v	Income tax provided in financial accounts	15,900
vi	Loss on sale of capital asset debited in financial accounts	5,800
vii	Under the recovery of administration overheads in cost accounts	3,600

Required:

Prepare a reconciliation statement showing the profit as per the financial records.

Question 3.

[10 Marks]

A Ltd. manufactures mother boards used in smart phones. A smart phone requires one mother board. As per the study conducted by the Indian Cellular Association, there will be a demand of 180 million smart phones in the coming year. A Ltd. is expected to have a market share of 5.5% of the total market demand of the mother boards in the coming year. It is estimated that it costs Rs 6.25 as inventory holding cost per board per month and that the set-up cost per run of board manufacture is Rs 33,500.

(i) COMPUTE the optimum run size for board manufacturing?

(ii) Assuming that the company has a policy of manufacturing 80,000 boards per run, CALCULATE how much extra costs the company would be incurring as compared to the optimum run suggested in (i) above?