

Subject: Cost Accounting

Date : _____

Marks: 20 marks

Time : 1 hour

Mid Term Examination

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

NB:

1. All the questions are compulsory.
2. All sub-sections of each question must be attempted together.
3. Working notes must form an integral part of your answer.
4. Use of both simple and scientific calculator is allowed.

Question 1

Marco Company Ltd. Manufactures two types of shoes. The following is the cost sheet for the Company for the financial year 2021-22.

PARTICULARS	Type A	Type B	Total
	1,00,000 pairs	1,20,000 pairs	
	Rs.	Rs.	Rs.
Production during the year			
Raw Materials Consumed	6,00,000	9,60,000	15,60,000
Add : Direct Wages	3,00,000	6,00,000	9,00,000
PRIME COST	9,00,000	15,60,000	24,60,000
Add : Factory Overheads	1,60,000	4,80,000	6,40,000
FACTORY COST	10,60,000	20,40,000	31,00,000
Add : Administrative Overheads	4,50,000	9,00,000	13,50,000
COST OF PRODUCTION	15,10,000	29,40,000	44,50,000
Less : Closing stock of Finished Goods (valued at cost of production)	1,51,000	4,90,000	6,41,000
COST OF GOODS SOLD	13,59,000	24,50,000	38,09,000
Add : Selling Overheads	1,08,000	3,00,000	4,08,000
COST OF SALES	14,67,000	27,50,000	42,17,000
Add : PROFIT	2,93,400	8,25,000	11,18,400
SALES	17,60,400	35,75,000	53,35,400

During the year 2021-22, the company was operating at 80% of the total shoe making capacity. Considering the fall in demand of Type A Product and increase in the demand of Type B Product, the company has decided to discontinue the production of Type A in the year 2022-