**Cost and Management Accounting**

**June 2023 Examination**

 **Q1. Prepare monthly statement of the cost, also called as cost sheet.**

**Calculate the cost per unit and selling price per unit for the above product**

**Student needs to Define the term cost sheet, prepare monthly statement of the cost and**

**Calculate the cost per unit and selling price per unit.**

|  |  |
| --- | --- |
|  |  |
| **Number of units produced per month** | **3000** |
| **Cost of raw material consumed per  month** | **45000** |
| **Labour cost incurred on a monthly basis** | **15000** |
| **factory overhead incurred per month** | **30000** |
| **office overhead per month** | **7500** |
| **selling expenses paid per month** | **12000** |
| **rate of profit 25% on the total cost** |  |

**Ans:**

**Introduction:**

A statement that suggests various elements of the total price for a product is called a fee Sheet. It categorizes and evaluates the factors of the cost of a terrific. In the cost sheet, the preceding comparison of data may be shown. The cost sheet also determines the selling price of the goods. It assembles all the details of the fee passed off for producing goods. All cost details can be provided within the announcement shape, called the cost declaration.

A cost sheet may be arranged by adopting the historical price method and the anticipated expenses method. Anciently, a price statement is prepared on the actual cost incurred. Inside

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**Q2. Service costing is the process of identifying and recording all costs associated with providing a service. Service costing is important because it allows businesses to track their total costs related to providing a service, which can help them determine how much they should charge for that particular service.**

**Discuss about service costing & application of service costing (10 Marks)**

**Ans:**

**Introduction:**

It is essential for companies to calculate their expenditures on the production of goods or offerings. As it allows them to assess the financial condition of the employer and make different decisions. Service costing mentions calculations of working expenditures for the organization that provides services.

Calculating the cost of providing the services plays a significant role in management decisions. Service costing includes many elements, like the type of services, labor, gadget, software program system, and storage of records and

**Q3. From the following information**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount** |  |  |
| **Brought machinery** | **480000** |  |  |
| **Installation charges** | **20000** |  |  |
| **Life of machinery** | **10** |  |  |
| **Working hours per year** | **2000** |  |  |
|  |  |  |  |
| **Lubricating oil** | **Rs40 per day of 10 hours** |
| **Electricity power** | **15 units per hour @Rs10 per unit** |
| **Consumable stores** | **Rs100 per day of 10 hours** |

**Q3a. Calculate Machine hour rate from the above information. (All the necessary steps) (5 Marks)**

**Ans:**

**Introduction**

A system hour rate is the calculation of the value of the particular system to complete the process or work assigned to the machinery.it is attained by dividing the prices related to that specific machine for a given period by the number

**Q3b. Discuss how machine hour rate differs from labour hour rate. (Differentiating both the terms and formula of both the concepts) (5 marks)**

**Ans:**

**Introduction**

A system hour rate is the calculation of the value of the particular system to complete the process or work assigned to the machinery.it is attained by dividing the prices related to that specific machine for a given period by the number of hours used by the device.

**Want and significance:**

The machine hour price method should allocate expenses according to the system's running