



Pralay Kabi 06.08.19
ST. LAWRENCE HIGH SCHOOL
A JESUIT CHRISTIAN MINORITY INSTITUTION



FIRST TERM EXAMINATION

Sub: COSTING & TAXATION MODEL ANSWER

Class: 11B

F.M: 80

Duration: 3 HOURS 15 MINS.

Date: 05.08.2019

PART-A
(COSTING)

GROUP-A

Answer the following questions:

(1x12=12)

1. Choose the correct answer

(a) The cost centre which is formed on the basis of one group of person is known as-

- (i) Production cost centre **(ii) Personal cost centre**
(iii) Impersonal cost centre (iv) Institutional cost centre

(b) Basically the Cost Accounting technique is followed by-

- (i) Trading concern **(ii) Manufacturing concern**
(iii) Service concern (iv) Profit seeking concern

(c) Which of these is not an objective of Cost Accounting-

- (i) Ascertainment of cost (ii) Determination of selling price
(iii) Cost control & cost reduction **(iv) Assisting shareholders in decision making**

(d) Cost Accounting.....

- (i) Deals with historic data (ii) Has futuristic in approach
(iii) Both (i) & (ii) (iv) Neither (i) nor (ii)

(e) Which of the following Cost units is suitable for bicycle industries?

- (i) Number** (ii) per kg.
(iii) per tonne (iv) per square foot

(f) Which of the following cost centre is a service cost centre?

- (i) Machine shop (ii) Welding shop
(iii) Assembly shop **(iv) Canteen**

(g) Indirect cost are also known as -

- (i) Common costs** (ii) Traceable costs
(iii) Implicit costs (iv) Sunk costs

(h) The variable cost per unit is.....

- (i) Variable **(ii) Fixed**
(iii) Semi-variable (iv) None of the above

(i) Costs of indirect material, indirect labour and indirect expenses in aggregate

- (i) Overhead cost** (ii) Historical cost
(iii) Pre-determined cost (iv) Estimated cost

(j) Production costs are

- (i) Fixed in nature (ii) Related to period also known as indirect cost
(iii) Not controllable **(iv) Also known as direct cost**

(k) Costs can be classified according to

- (i) Elements (ii) Functions

(iii) Behaviour

(iv) All of the above

(l) The basic assumption made with respect to fixed cost is that....

- (i) Fixed cost is a controllable cost (ii) Fixed cost is a production cost
(iii) Fixed cost is an irrelevant cost (iv) Fixed cost is a period cost

GROUP- B

Answer the following questions:

(1x6=6)

(a) Define Cost.

Answer: Any expenditure incurred for producing any commodity or rendering any service, whether actual or notional, is termed as cost.

(b) Define Cost Accounting.

Answer: The process of accounting for cost from the point at which the expenditure is incurred or committed to the establishment of its ultimate relationship with the cost unit is known as cost accounting.

(c) Define Cost Centre.

Answer: Cost Centre is a production or service location, function, activity or item of equipment whose cost may be attributed to cost unit.

(d) Define Cost Unit.

Answer: Cost unit is defined as a unit of product or service in relation to which cost are ascertained.

(e) Define Prime Cost.

Answer: Cost which are directly associated to production is known as prime cost.

(f) Give two examples of factory cost.

Answer: Depreciation of machinery; Salary of indirect labour.

GROUP-C

Answer the following questions:

(4x2=8)

3. Write any four differences between Financial Accounting and Cost Accounting.

Answer:

Financial Accounting	Cost Accounting
1. It provides information about the business in a general way. It tells about the profit and loss and financial position of the business.	1. It provides information to management for proper planning, operation, control and decision making.
2. Financial accounting deal mainly with actual facts and figures.	2. Cost Accounts deal partly with facts and figures and partly with estimation.
3. Financial accounts are not maintained with the object of fixing selling price.	3. Cost accounting provides sufficient data for fixation of selling price.
4. It reports operating result at the end of the period.	4. It reports to the management whenever required.

4. If opening stock of raw material is Rs. 20,000; purchase of raw material is Rs. 1,00,000; carriage on Purchase is Rs. 10,000 and closing stock of raw material is Rs. 5,000, calculate raw material consumed.

Answer:

Calculation of Raw Material Consumed

Particulars	Amount (Rs)
Opening Stock of raw material	20,000
Add: Purchase of raw materials	1,00,000
Add: Carriage on purchase	10,000
Less: Closing stock of raw materials	5,000
Raw Materials Consumed	1,25,000

GROUP-D

Answer the following question:

(6x1=6)

5. Discuss the steps required for installation of a Costing System.

Answer: The following steps are required for installation of Costing System:

1. The Objectives to be achieved through the Costing system.
2. Studying the existing organisation and routine.
3. Deciding the structure of the cost accounts.
4. Determining the cost rates.
5. Introducing the system.
6. Organising the cost office.
7. Relationship with cost office to other departments.
8. Authority and responsibilities.

GROUP-E

Answer the following question:

(8x1=8)

6. From the information given by X Ltd. prepare cost sheet for the year ended 31st March 2019

	1.04.2018(Rs)	31.03.2019(Rs.)
Raw Materials	30,000	20,000
Work in progress	15,000	5,000
Finished Goods	25,000	10,000
Transactions during the year		Rs.
Purchase of raw materials		1,20,000
Depreciation of machinery		15,000
Advertisement expenses		32,000
Salesmen salary		12,000
Audit expenses		18,000
Dividend paid		30,000
Profit @ 20% on sales		

Answer: Cost Sheet for the year ended 31st March 2019

Items of Cost		Amount(Rs.)
	Opening Stock of Raw Materials	30,000
Add:	Purchase of raw materials	1,20,000
Less:	Closing Stock of raw materials	20,000
	Raw materials consumed	1,30,000
	Direct expenses	-----
	Prime Cost	1,30,000
	<u>Factory Overhead</u>	
	Depreciation of machinery	Rs. 15,000
Add:	Opening stock of WIP	15,000
Less	Closing stock of WIP	5,000
	Works Cost	25,000
		1,55,000
	<u>Office Overhead</u>	
	Audit Expenses	18,000
	Cost of Production	1,73,000
Add:	Opening stock of Finished Goods	25,000
Less:	Closing stock of Finished Goods	10,000
	Cost of goods sold	1,88,000
	<u>Selling & Distribution Overhead</u>	

Advertisement Expenses		32,000
Selling Expenses		12,000
	Cost of Sales	2,32,000
Profit (2,32,000 x 20 / 80)		58,000
	Sales	2,90,000

Note: Dividend paid is not an item for determining cost

PART B
(TAXATION)

GROUP-A

Answer the following questions:

(1x12=12)

- (a) Which Income Tax Act is at present use in India?
 (i) Income Tax Act 1921 (ii) Income Tax Act 1962
(iii) Income Tax Act 1961 (iv) Income Tax Act 2012
- (b) The tax directly paid by the tax payer is known as
 (i) Indirect Tax (ii) Wealth Tax
(iii) Direct tax (iv) VAT
- (c) How many heads of income are there?
 (i) 4 **(ii) 5** (iii) 6 (iv) 10
- (d) The income resulting after getting deduction under chapter VIA from the gross total income is known as
 (i) Total Income **(ii) Net Income** (iii) National Income (iv) Earned Income
- (e) A person who pays tax is termed as
 (i) Organisation **(ii) Assessee** (iii) Person (iv) Company
- (f) As per Section 2(a) the year in which the assessee earned the income is termed as
 (i) Calendar year (ii) Financial year (iii) Assessment year **(iv) Previous year**
- (g) The sources from where income is generated is known as
 (i) Heads of Income **(ii) Sources of Income** (iii) Elements of Income (iv) Items of Income.
- (h) Under which section Dividend received from an Indian Company is exempted?
 (i) 10(35) (ii) 10(38) **(iii) 10(34)** (iv) 10(10D)
- (i) Under which section Long-term capital gain arising from Transfer of Equity Shares or units is exempted?
 (i) 10(35) (ii) 10(15) **(iii) 10(38)** (iv) 10(20)
- (j) If a person fails to satisfy at least one of the basic conditions is known as
 (i) Resident and ordinarily resident (ii) Resident and but not ordinarily resident
(iii) Non Resident (iv) None of the above
- (k) Which section of the Income Tax Act deals with residential status?
 (i) Sec. 5 **(ii) Sec.6** (iii) Sec 10 (iv) Sec 12
- (l) If an income accrued outside India and also received outside India , it is taxable in the hands of
(i) Resident and ordinarily resident (ii) Resident and but not ordinarily resident
 (iii) Non Resident (iv) All

GROUP B

2. Answer the following questions:

(1x6=6)

(a) What is the nature of Indian Tax structure?

Answer: It is primitive in nature.

(b) Is Income tax is one tax or collection of tax?

Answer: Income tax is one tax and not collection of tax.

(c) What is the current assessment year?

Answer: Current Assessment Year is 2019-20.

(d) Whether income from award or reward is taxable?

Answer: No, income from award or reward is not taxable.

(e) State the basis of determination of total income.

Answer: Residential status is the basis of determination of total income.

(f) What does the term accrued or arising means?

Answer: The term accrued or arising means right to receive.

GROUP C

Answer the following questions:

(4x2=8)

3. Explain briefly the features of Income Tax.

Answer:

(i) It is a direct tax.

(ii) It is an important instrument for raising resources.

(iii) Every person is liable to pay tax who have earned income during the current financial year.

(iv) Structure of Indian Income tax is primitive in nature.

4. Define assessment year and person as per Income Tax Act.

Answer:

Assessment Year: It is referred to a period of twelve months commencing from 1st April of a particular year and ending on 31st March of the next year. Assessment Year means the year which succeeding the previous year.

Person: The term person includes:

(a) An individual.

(b) A Hindu Undivided Family

(c) A Company

(d) A Firm

(f) An association of person

(g) A local authority.

(h) Every artificial judicial person.

GROUP D

Answer the following question:

(6x1=6)

5. (a) Mr. Y an Indian citizen left India for the first time on May,22,2018 and come back for a period Of 20 days on February,5,2019. Determine his residential status for the A.Y. 2019-20.

Answer: In current previous year he is in India for more than 60 days and in preceding four P.Y. for 365 days. Moreover all the secondary conditions are satisfied. So he is a resident and ordinarily resident in the current P.Y.

(b) Compute taxable income of Mr.Z for the A.Y.2019-20:

Income from salary Rs.2,00,000

Income from house property Rs. 1,20,000

Income from business Rs. 1,55,000

Income from long term capital gain Rs. 80,000

Income from other sources Rs. 60,000

Deduction U/S 80C Rs.20,000

Deduction U/S 80D Rs.10,000

Answer:

Computation of Net Income of Mr Z for the A.Y 2019-20 related to P.Y. 2018-19

Particulars	Amount (Rs)
Income from salary	2,00,000
Income from House Property	1,20,000
Income from Business	1,55,000
Income from Capital gain (LTCG)	80,000
Income from Other Sources	60,000
	GTI
	6,15,000
Less: Deduction under chapter VI A	
Deduction U/S 80C	20,000
Deduction U/S 80D	10,000
	Net Income
	5,85,000

GROUP E

Answer the following question:

(8x1=8)

6. From the following information supplied by Mr. Dasgupta compute his taxable income if he is a

(a) Resident & ordinarily resident (b) Resident but not ordinarily resident (c) Non-Resident

(i) Income from a business in Chennai controlled from Canada Rs. 1,60,000

(ii) Rent from a property in Canada received there but subsequently remitted to India Rs. 60,000

(iii) Interest from deposit with an Indian Company received in Canada Rs. 40,000

(iv) Gift received from his parents Rs. 80,000

(v) Past untaxed profit remitted to India Rs. 1,00,000

Answer: Computation of taxable income of Mr. Dasgupta for the A.Y 2019-20 related to the P.Y. 2018-19

	RAOR (Rs)	RBNOR(Rs)	NR (Rs)
(i) Income from a business in Chennai controlled from Canada Rs. 1,60,000	1,60,000	1,60,000	1,60,000
(ii) Rent from a property in Canada received there but subsequently remitted to India Rs. 60,000	60,000	---	---
(iii) Interest from deposit with an Indian Company received in Canada Rs. 40,000	40,000	40,000	40,000
(iv) Gift received from his parents Rs. 80,000	---	---	---
(v) Past untaxed profit remitted to India Rs. 1,00,000	---	---	---
	GTI		
	2,60,000	2,00,000	2,00,000
Less: Deduction under chapter VI A	----	----	----
	Net Income		
	2,60,000	2,00,000	2,00,000