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Add

BY BAF

COST. A/cct.

Time: 2½ Hours

Total Marks: 75

Note: (1) All questions are compulsory. (2) All questions carry 15 marks. (3) Figures to right indicate full marks. (4) Working should form part of answer.

Q.1 a) State whether the following statements are True or False (any 8): (8)

1. Retention money = Payment Received – Work certified.
2. Prime cost = Direct Material Cost + Direct Labour Cost + Direct Expenses.
3. Overheads include only fixed cost.
4. The sale price of material for a contract is credited to the contract account.
5. Dividend paid is a financial income.
6. In cost sheet, selling and distribution overheads are included in the cost of production.
7. Goodwill written off appears only in the cost accounts.
8. Need for reconciliation arises in case of non-integrated system of accounts.
9. The cost of units of abnormal gain is debited to the process account.
10. A contract is a big job involving small outlay of expenditure.

Q.1 b) Match the following (any 7): (7)

Column A	Column B
1. Notional Profit	a) Unit x % of Normal loss
2. Expenses on issue of shares	b) Normal cost/ Normal Output
3. Normal Loss	c) Office & Administration Overhead
4. Depreciation on Computer	d) Work certified + Work done plus uncertified
5. Unit cost	e) Income credited only in cost accounting
6. Abnormal loss	f) Selling & Distribution Overheads
7. Carriage Inward	g) Expenses debited only in Financial Accounts
8. Work completed	h) Cost of Materials
9. Advertising	i) Work Certified – Cost of Work Certified
10. Notional Rent charged to owner	j) Normal Output – Actual Output

Q.2 Kirloskar manufacturing company gives you the following particulars for the year 2018.

Production and sales during the year was 10,000 units.

Particulars	Rs.
Materials-	2,50,000
Direct Wages	1,50,000
Administrative OH (Fixed)	1,00,000
Sales	12,00,000
Profit	2,50,000
Factory OH's:	
Fixed	1,00,000
Variable	2,00,000

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Particulars	Rs.
Selling & Distribution OH's:	
Fixed	60,000
Variable	90,000

The company has worked to its maximum capacity of 10,000 units during 2018. The management has decided to increase production capacity to 15,000 units for the year 2019 and it is estimated that:

- I. There will be all around rise in all variable expenditure by 10%.
- II. There will be increase of 20% in all fixed overheads.
- III. There will be no need to change the selling price for the year 2019.

Prepare a statement showing total as well as unit cost and profit for 2018. Also prepare a statement showing estimated profit for 2019 taking in to consideration the changes in 2019.

(15)

OR

Q.2 Following is the summarized Profit & Loss Account of M/s Star Manufacturing Co. Ltd for the year ended 31st Dec 2018.

Profit & Loss Account for the year ended 31st Dec 2018

Particulars	Rs.	Particulars	Rs.
To wages	1,51,000	By Sales (12,000 units)	6,00,000
To Materials used	2,74,000	By Closing Stock of Finished Goods (400 units)	16,000
To Factory Expenses	83,000	By Closing Stock of WIP	12,000
To Administration Expenses	38,240	By Dividend Received	1800
To Selling Expenses	45,000		
To Goodwill W/off	2,000		
To Preliminary Expenses w/off	4,000		
To Net Profit	32,560		
	6,29,800		6,29,800

In the cost accounts:

- I. Factory expenses have been allocated to the production at 20% on prime cost.
- II. Administration expenses at Rs. 3 per unit produced.
- III. Selling expenses at Rs. 4 per unit sold.

You are required to prepare Cost Sheet of the Company and reconcile the profits disclosed by Cost Accounts and those by Financial Accounts.

(15)

Q.3 Pakya Contractors undertook a contract for Rs 15, 00,000 on 1st July 2017. The contract was Completed on 31st March 2019. The contractor prepares his accounts on 31st March. The details Of the contract are:

Particulars	From 1-7-17 to 31-3-18	From 1-4-18 to 31-3-19
Material issued	1,52,000	3,30,000
Direct wages	1,25,000	4,65,000

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Direct Expenses	30,000	45,000
Materials returned to stores	22,000	15,000
Material at Site	20,000	8,000
Uncertified work	48,000	-
Office overheads	23,000	66,000
Material lost by fire	-	5,000
Work certified	3,00,000	15,00,000
Plant issued	3,00,000	1,50,000

Provide depreciation @ 20% on Plant. Prepare Contract Accounts for the years ended 31-3-2018 and 31-3-2019.

(15)

OR

Q.3 The following is the summary of the entries in a contract ledger as on 31st December 2018 in respect of Contract No. 54:

Particulars	Rs.
Materials (Direct)	60,000
Materials (from stores)	13,000
Wages	34,600
Direct Expenses	13,400
Establishment charges	16,000
Plant	68,400
Sale of Scrap	3,640

You are given the following information:-

- I. Accruals on 31-12-2018 are : wages Rs. 1600 and Direct Expenses Rs. 2200
- II. Depreciation on Plant up to 31-12-2018 is Rs. 17,100.
- III. Work uncertified was Rs. 9,000.
- IV. Materials on site on 31-12-2018 cost Rs. 20,000.
- V. Work Certified was Rs.1, 25,000.

Prepare Contract Account No.54 and show that profit and loss should be taken in to account for the year ended 31st December 2018.

(15)

Q.4 Product 'A' is obtained after it is processed through process X, Y and Z. The following cost Information is available for the month ended 31st March 2019.

Particulars	X	Y	Z
Number of Units introduced in the Process	500	-	-
Rate per unit of units introduced (Rs.)	4	-	-
Cost of Material	2600	2000	1025
Direct Wages	2250	3680	1400
Production Overheads	2250	3680	1400
Normal Loss (% on units introduced in each process i.e. input)	10%	20%	25%
Value of scrap per unit	2	4	5
Output in units	450	340	270

There is no stock in any process. You are required to prepare Process Accounts.

(15)

XY9BCF

OR

Q.4 A product passes through three processes. The following cost data have been extracted from the books of a manufacturing company.

Particulars	Total (Rs.)	Process I	Process II	Process III
Material	1,50,840	52,000	39,600	59,240
Direct Wages	1,80,000	40,000	60,000	80,000
Production OH	1,80,000	-	-	-

10,000 units at Rs. 6/- each were introduced in to process I. There was no stock of material or WIP at the beginning or at the end. The output of each process passes directly to the next process and finally to the finished stock. Production OH is recovered at 100% of direct wages. The following additional data are obtained:

Process	Output Units	% of Normal Loss to Input	Value of Scrap per unit
I	9500	5%	4
II	8400	10%	8
III	7500	15%	10

Prepare Process Accounts and Abnormal Loss Account / Gain Account and Normal Loss Account.

(15)

Q.5 a) Explain the advantages and dis-advantages of Process Costing. (8)

b) Explain the meaning and utility of Cost Sheet. (7)

OR

Q.5 Short notes (any 3): (15)

- Work Certified
- Normal Loss
- Reason for difference between cost and financial accounts
- Classification of cost on the basis of elements
- Contract costing

Advantages of Process Costing
Utility of Cost Sheet

OR

Work Certified
Normal Loss

Reason for difference between cost and financial accounts

Classification of cost on the basis of elements

Contract costing