

SYBAF

XY9AEU

Costing

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. Process costing is ordinarily applied where all the operations are performed in one department.
2. A contract is a big job involving small outlay of expenditure.
3. Drawing office salaries is Office overheads.
4. Cash received on contract is credited to Contractee account.
5. Weight loss has no scrap value.
6. Contractee is a person who takes the contract.
7. The cost of material lost or destroyed is debited to the Contract Account.
8. Goodwill written off appears only in cost accounts.
9. Cost of Production = Factory overheads + Office Overheads.
10. A cost sheet and income statement is one and same.

Q.1 b) Fill in the blanks with the correct alternative and rewrite (any 7): (7)

1. Cost of Secondary Packing Material is treated as _____. (Direct Cost/Selling Overhead)
2. Process cost per unit = (Process Cost – Scrap value of Normal Loss) + _____. (Actual Output/Normal Output)
3. _____ is the valued in terms of cost. (Work uncertified/Work Certified)
4. _____ expenses is an example of Selling Overheads. (Rent/Advertisement)
5. Dividend received is shown in _____ A/c. (Cost/Financial)
6. _____ for joint product means apportionment of joint cost to each of the joint products. (accounting/Allocation)
7. _____ expenses are ignored while making cost sheet. (Selling/Financing)
8. Construction companies follow _____ costing. (Process/Contract)
9. Abnormal gain is excess of actual output over _____ output. (Standard/Normal)
10. Prime cost is also known as _____ cost. (Direct/Indirect/Works)

Q.2 The Management of a manufacturing concern has approached the Costing Department to find out the cost of 6,000 units. The cost analysis of 4,000 units gives the following results: Materials Rs. 90,000, Labour Rs. 50,000, Direct Expenses Rs. 1,000, Factory Overheads Rs. 2,000, Administration Overheads Rs. 1,600 and Selling & Distribution Overheads Rs. 800.

The Further details in this connection are as follows:

- a) An increase of 10% is expected in the cost of raw materials and 5% in the cost of labour.
- b) 70% of the factory overheads are fixed and 30% are variable.
- c) The ratio of fixed and variable part of Administrative overheads is 60:40.
- d) 50% of the Selling & Distribution Overheads are fixed.

The Management desires to charge 25% profit on sale price.

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Prepare cost statement with maximum break up of cost and ascertain selling price for the production of 6,000 units.

(15)

OR

Q.2 Following is the summarized Profit & Loss Account of ABC Industries for the year ended 31-03-2019

Profit & Loss Account for the year ended 31st March 2019

Particulars	Rs.	Particulars	Rs.
To Material Consumed	2,00,000	By Sales (12,000 units)	4,80,000
To Wages	75,400	By Closing Stock of Finished Goods (3000 units)	66,000
To Factory Expenses Paid 52,400 Add O/S 2,200	54,600	By Interest on Securities	17,000
To Administration Overheads	52,500	By Profit on Sale of Assets	1,20,000
To Selling & Distribution Overheads	96,000		
To Interest on Loans	14,000		
To Income Tax	7,500		
To Net Profit	1,83,000		
	6,83,000		6,83,000

In the cost accounts:

- I. Material consumed @ Rs. 10 per unit produced.
- II. Direct wages @ Rs. 6 per unit produced.
- III. Factory overheads were absorbed at 25% of prime cost.
- IV. Administration overheads were absorbed at Rs. 5 per unit produced.
- V. Selling and distribution overheads were absorbed at Rs. 7 per unit sold.

You are required to prepare Cost Sheet for the year ended 31-3-2019 and Statement of Reconciliation.

(15)

Q.3 Gaurav Ltd. obtained two contracts i.e. A & B. Contract A commenced on 1st October 2018 & Contract B started on 1st December 2018. Following information was extracted from the books for the year ended 31st March 2019.

Particulars	Contract A	Contract B
Contract Price	70,00,000	15,00,000
Cash Received	11,20,000	7,65,000
Plant issued at Commencement	22,50,000	12,00,000
Work certified	14,00,000	9,00,000
Work uncerified	52,000	28,000
Direct Wages	2,95,000	1,77,500
Direct Expenses	1,36,500	30,700

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Supervision charges	27,500	22,500
Administration OH	2,72,500	1,47,500
Sub-contract charges	63,700	-
Electricity charges	48,800	-
Architect's Fees	52,000	27,000
Indirect Materials	1,47,000	1,62,600
Direct Materials	3,58,000	199,200
Direct Material returned to stores	14,000	-
Direct Material at site at the end of the period	73,000	54,000

Provide depreciation @ 20% on the original cost of the Plant. Prepare Contract Accounts for A & B for the years ended 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. 545:

Particulars	Rs.
Materials bought directly	65,000
Materials from store	5,000
Wages	30,000
Direct Expenses	13,000
Establishment Charges (apportioned)	15,000
Common plant sent to site	50,000
Scrap sold	2,000

You are given the following information:-

- I. Accruals on 31-12-2018 are : wages Rs. 1,000 and Direct Expenses Rs. 3,000
- II. Depreciation on Plant up to 31-12-2018 is Rs. 12,000.
- III. Work uncertified was Rs. 8,000.
- IV. Rs 4,000 worth materials were destroyed by fire.
- V. Material costing Rs. 3,000 were sold for Rs. 4,000
- VI. Materials on site on 31-12-2018 cost Rs. 6,000.
- VII. Work Certified was Rs.1, 25,000.
- VIII. Cash received from Contractee was Rs. 1, 40,000 being 80% of work certified.
- IX. Contract Price was Rs 2, 50,000. Transfer 2/3rd profit on cash basis to P& L A/c.

Prepare Contract Account No. 545. (15)

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Q.4 Y Ltd. manufactures a chemical product which passes through three processes. The cost records show the following particulars for the year ended 30th June 2019.
Input to I Process 20,000 units @ Rs. 28 per unit.

Particulars	Process I (Rs.)	Process II (Rs.)	Process III (Rs.)
Materials	48,620	1,08,259	1,03,345
Labour	32,865	84,553	77,180
Expenses	2,515	10,588	16,275
Normal Loss	20%	15%	10%
Value of scrap per unit	1	2	3
Actual Output (units)	18,000	16,000	15,000

You are required to prepare Process Accounts, Abnormal Gain/Loss. Also show process cost per unit for each process. (15)

OR

Q.4 A product 'X' passes through three processes. The following information is available for the month of March 2019.

Particulars	Total (Rs.)	Process A	Process B	Process C
Material	22,500	10,400	8,000	4,100
Direct Wages	29,320	9,000	14,720	5,600
Production OH's	29,320	-	-	-

2,000 units at Rs. 4/- each were introduced in to process A. Production OH to be distributed as 100% on direct wages. The following additional data are obtained:

Process	Output Units	% of Normal Loss to Input	Value of Scrap per unit
A	1800	10%	2
B	1360	20%	4
C	1080	25%	5

There is no stock of WIP in any process. Prepare Process Accounts. (15)

Q.5 a) What are the features of Process Costing. (8)

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

OR

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

- Work Uncertified
- Direct Cost
- Contract Costing
- Importance of Reconciliation Statements
- Retention Money
