

Time: 2:30 hours

Marks: 75

Q1. True and False. (Any 8)

(08)

- Retention money is equal to work certified less work uncertified.
- Sub-Contract is a private arrangement between the Contractor and Contractee.
- Good Units do not bear the normal loss arising in process costing.
- A process Costing system would be more appropriate than Job order costing for an oil refinery.
- If Work Certified is less than 25% of Contact Price, Profit is not taken into account.
- In contract costing, Loss of Material by fire is debited to costing P&L A/c.
- Abnormal gain arises if output quantity is more than input quantity.
- In contract costing, each contract is a Cost Unit.
- Process cost system is applicable to paper mills
- Uncertified work is valued at cost.

Q1. Match the column. (Any 7)

(07)

Group A

Group B

- | | |
|---------------------------------|---------------------------------------|
| 1) Material used | Direct cost |
| 2) Electricity | Indirect cost |
| 3) Unproductive Wages | Fixed cost |
| 4) Office rent | Variable cost |
| 5) Remuneration to director | Semi variable cost |
| 6) Advertisement | Factory Overheads |
| 7) Insurance of office premises | Office and administrative overheads |
| 8) Printing and stationary | Selling and distribution overheads |
| 9) Process costing | work uncertified |
| 10) Contract Account | product passes through distinct level |

Q – 2 A product passes through the distinct process A & B and thereafter it is transferred to finished stock. The output of A passes to B and B to finished accounts.

(15)

	Process 'A'	Process 'B'
Materials Consumed	48,000	24,000
Direct Labour	56,000	32,000
Manufacturing expenses	16,000	16,000
Input in Process A (units)	40,000	-----
Input in process a (Value)	40,000	-----
Output (Units)	37,600	33,200
Normal wastage percentage of input	5%	10%
Value of normal wastage per unit	0.20	0.85

OR

Q – 2 A contractor prepares his accounts for the year ending 31st December each year. He commenced a contract on 1st April, 2018. The following information relates to the contract as on 31st December, 2018.

(15)

Materials issued	2,51,000
Labour charges	5,65,600
Salary to Foreman	81,300

A supervisor, who is paid Rs.8,000/- p.m. has devoted one-half of his time to this contract. Materials in hand at site cost Rs.35,400/- on 31st December, 2018.

The contract price is Rs.20 lakhs. On 31st December, 2018 two thirds of the contract was completed. The Architect issued certificates covering 50% of the contract price and the contractor had been paid Rs.7,50,000/- on account.

Prepare Contract A/c and show how much profit or loss should be included in financial accounts to 31st December, 2018.

- Q –3 The following figures have been extracted from the financial accounts of a manufacturing firm for the first year of its operation. (15)

Particulars	Rs.
Direct Material consumption	50,00,000
Direct Wages	30,00,000
Factory overheads	16,00,000
Administrative overheads	7,00,000
Selling & Distribution overheads	9,60,000
Bad Debts	80,000
Preliminary Expenses written off	40,000
Legal charges	10,000
Dividends received	1,00,000
Interest on Deposit received	20,000
Sales 1,20,000 units	1,20,00,000
Closing stocks:	
Finished Goods - 4,000 units	3,20,000
Work in Progress	2,40,000

The Cost Account for the same period reveal that the Direct Material consumption was Rs.56,00,000/-, Factory overhead is recovered at 20% on Prime Cost, Administration overhead is recovered @ Rs.6/- per unit of production and Selling and Distribution overheads are recovered @ Rs.8.00 per unit sold.

You are required to prepare costing and Financial Profit & Loss Accounts and reconcile the difference in the Profits as arrived at in the two sets of accounts.

OR

- Q – 3 a) Classify the following items into Direct and Indirect cost (05)

- 1] Material used
- 2] Postage
- 3] Salary to Accountant
- 4] Productive Wages
- 5] Printing

- b) Classify the following items into fixed or Variable or Semi Variable cost (05)

- 1] Electricity
- 2] Rent
- 3] Raw Material
- 4] Office salary
- 5] Insurance of Office Equipments

- c) Classify the following items into Factory or Office and administration or Selling or distribution Cost (05)

- 1] Directors fess
- 2] Advertisement
- 3] Depreciation on Machinery
- 4] Salesman salary
- 5] Bank Charges

Q no 4 Product Z is obtained after it passes through three distinct processes. You are required to prepare Process accounts from the following information. (15)

	Process			
	Total	A	B	C
	Rs.	Rs.	Rs.	Rs.
Material	16,000	4,200	3,500	5,050
Direct Wages	20,000	6,000	4,000	10,000
Production overheads	20,000			

1,000 units @ Rs.5/- per unit were introduced in process A.
Production overhead to be distributed as 100% on direct wages.

Process	Actual Unit (Units)	Normal Loss	Value of Scrap per unit Rs.
Process A	950	5%	4
Process B	840	10%	6
Process C	750	15%	10

OR

Q no 4 Ajay, Bharat and Chetan are partners doing business as engineers sharing profit and losses in the ratio of 2: 1: 1 respectively. Ajay is a sleeping partner, Bharat looks after factory and Chetan looks after the administration. The following figures are extracted from their books for the year ended 30.6.2018 (15)

Raw Materials purchased	5,00,000
Wages:	
Direct	3,00,000
Indirect	50,000
Office Salaries	1,00,000
Carriage Inward	10,000
Carriage Outward	30,000
Sales	20,00,000
Opening Stock:	
Raw Materials	50,000
Finished Goods	2,00,000
Travelling Expenses	10,000
Advertising	30,000
Power	10,000
Agent's Commission	50,000
Plant Maintenance	40,000
Rent, Rate, Taxes etc (9/10 for Works 1/10 for Office)	10,000
Sundry Expenses:	
Work0073	10,000
Office	20,000
Building Repairs	10,000
Salary to Partners:	
Bharat	20,000
Chetan	10,000
Depreciation:	
Plant & Machinery	20,000
Building	10,000
Closing Stock:	
Raw Materials	2,00,000
Finished Goods	30,000

Building is occupied 9/10 by factory and 1/10 by office.
You are requested to prepare a detailed cost statement assuming that
1,00,000 units were produced during the year.

- Q no 5 a) Explain the concept of Normal Loss & Abnormal Loss. (08)
b) Explain the various types of costs (07)

OR

Q 5 Short Note (Any 3) (15)

- A] Process costing
- B) Work certified & Uncertified
- C) Reconciliation of costing Records
- D) Cost Statement analysis
