Note : 1] Q- 1 and Q- 2 are compulsory

2] Attempt Q-3 or Q-4 And Q-5 or Q- 6

3] Each Question Carries 15 Marks

Q – 1 Y Ltd. manufactures a chemical product which passes through three processes. The cost records show the following particulars for the year ended 30th June, 2004.
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%
Scrap value per unit	1	2	3
Actual Output (Units)	18,000	16,000	15,000

Prepare Process Accounts, Abnormal Gain/Loss Account. Also show process cost per unit for each.

Q – 2 State whether following statement is True / False.

1. In process costing output cannot be sold at the end of that process.
2. Cost of Production comprises of Direct cost, Factory cost and office administrative cost.
3. Cost sheet is based on estimations.
4. Special plant is used throughout the contact.
5. Subcontract charges are credited in contract account
6. Total cost means cost of sales.
7. Contact is carried out as per the requirement of contractor.
8. Output of one process pass to another process as input.
9. In Batch type of production units are produced in batches.
10. Normal loss is an avoidable loss.
11. Process costing is a method of costing.
12. Contract account records all the costs incurred for a contract.
13. Cost records helps management in decision making.
14. In Job Costing units manufactured are customized as per the customers needs.
15. Financial Expenses are included in Cost Sheet.

Q – 3 A pen Manufacturing Company is producing two types of pens 'Reynolds' and 'Luxur'. The manufacturing costs for the year ended 31st March, 2009 were:

Particulars	Rs.
Direct Materials	2,00,000
Direct Wages	1,12,000
Production overhead	48,000
	3,60,000

It is ascertained that:

i) Direct Materials in 'Reynolds' type per pen cost twice as much as that of 'Luxur' type.

ii) Direct Wages 'Luxur' types per pen were 60% of those 'Reynolds' type.

iii) Production overhead were 60 paisa per pen for both types.
iv) Administration overhead for each type was 200 percent of direct labours
v) Selling cost was 50 paisa per pen for both the type.
vi) Production during the year was:
'Reynolds' type – 20,000 pens of which 18,000 were sold.
'Luxur' type – 60,000 pens of which 50,000 were sold.
vii) Selling price were Rs.14 per pen of 'Reynolds' type and Rs. 10 per pen of 'Luxur' type.
Prepare a cost statement showing the Total cost per pen of each type and the profit on each type of pen.

OR

Q – 4 Bajaj Electricals Ltd. manufactured and sold 1,000 Electric Irons during the year ended on 31st December, 2008. Following were the expenses for manufacture 1,000 Electric Irons:

Particulars	Rs.
Materials	80,000
Direct Wages	1,20,000
Manufacturing costs	50,000
Selling Expenses	40,000
Other Overhead Expenses	90,000

For the year ended on 31st December, 2009 it was estimated that:
a) Output and sales will be 1,500 Electric Irons.
b) Cost of materials will rise by 25% per unit.
c) Wages per unit will decrease by 10%.
d) Manufacturing cost will rise in proportion to the combined cost of material and wages.
e) Selling expenses per unit will remain unchanged.
f) Other overheads will increase by Rs. 60,000.
Prepare cost statement, showing price at which the Electric Irons should be marked so as to show profit of 20% on selling price. Working will form part of answer.

Q – 5 The following is the summary of the entries in a Contract Ledger as on 31st December, 2003 in respect of Contract No. 51:

Particulars	Rs.
Materials (Direct)	60,000
Materials (from Stores)	13,000
Wages	34,000
Direct Expenses	13,400
Establishment charges	16,000
Plant	68,400
Sale of Scrap	3,640
Sub-contract cost	14,400

You are given the following information:

(1) Accruals on 31-12-2003 are: Wages Rs. 1,600 and Direct Expenses Rs. 2,200
(2) Depreciation on plant up to 31-12-2003 is Rs. 17,100
(3) Included in the above summary of abstract are wages Rs. 2,000 and other expenses Rs. 3,000 since certification. The value of the material used since certification is Rs. 4,160.
(4) Materials on site on 31-12-2003 cost Rs. 20,000
(5) Work certified was Rs. 1, 25,000.

Prepare Contract Account No. 51 and show the profit or loss should be taken into account for the year 31st December, 2003.

OR

Q – 6 Mr. Vivek undertook a contract for the construction of building on 1st January, 2004 the contract price being Rs. 15,00,000. The following details are available for the year 2004:

Particulars	Rs.
Materials Purchased	2,40,000
Materials issued from stores	3,00,000
Labour employed on site	90,000
Plant installed on site	1,20,000
Direct Expenses	60,000
Proportionate establishment charges	15,000
Cash received (80% of work certified)	6,00,000
Work uncertified	1,50,000
Materials returned to stores	15,000
Materials in hand at the end	6,000
Wages outstanding	18,000
Direct expenses accrued	24,000

Prepare the Contract Account. A part of plant costing Rs. 20,000 was at the beginning of the year and the insurance Co. paid Rs. 12,000. Plant is depreciated @ 20% p.a.